THE
TICKER
AND
INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

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How I Made $38,000 in the Stock Market

By JOHN T. NICHOLS

[This article was awarded the prize in the competition which closed July 1, for the "best money-making idea, article, or suggestion," judged by "its helpfulness to the trader or investor in stocks, grain, or cotton." The article itself shows that the writer is an operator of considerable experience. He owns up to disastrous losses and grave mistakes, but he also gives a pretty clear idea of the principles which enabled him to win out in the end. We do not agree with him on all points, as explained in the editorial note which follows his article. A number of other excellent articles were received, which will appear in later issues.]

I HAVE been trading in stocks for about seventeen years, off and on, and while I haven't made a fortune, I have learned some things about the business and have made more money than I would have made any other way, probably, as I have always worked on a moderate salary. I am employed in a wholesale house, so I have had no special advantages in the way of inside information—supposing there is such a thing that is of any value—in regard to which I have my doubts. If what I can say about my methods will be of any service to your readers I shall be glad—and of course I could use the $25.00 without any special inconvenience.

I have read THE TICKER since the first number, and think it is the best thing of the kind published. "Essential Statistics" and the "Market Outlook" are the best things in it, in my opinion. The "Market Outlook" in the last number was a fine analysis of the situation. But there are two points I think you are wrong about, and I will explain why.

The first is the use of stop loss orders. These are all right if a man doesn't have any real opinion about the market, but is just gambling on the daily fluctuations. He is then just as likely to be buying at the top and selling at the bottom as any other way and it would be foolish for him to stand by his trades and let them run into a big loss. But if he has any real judgment on the market

and is buying stocks because they have had enough decline and he believes they are low, or selling them because he believes they are too high, he should not use stop loss orders, because when they are caught they compel him to buy on bulges and sell on breaks—just the opposite of what he should do.

For example, suppose Union Pacific has declined from 210 to 170 and you believe it is a purchase. I don't believe any human being can tell within two points the exact price at which the turn will be made, and if you buy at 170 and go out on stop at 168 you are selling on a 42 point break and at a time when your judgment tells you to buy.

This isn't common sense nor good business judgment. You ought to be prepared to put up say 50 points margin and then stand by your opinion. If you conclude you were wrong in buying at that price, don't sell on a break, but hang on until you can get out even or nearly even. If you buy only on big breaks the reactions will enable you to get out without a loss even if the end of the bear market has not been reached.

And the same thing applies on the short side. If you had sold Union Pacific short at 216 in August, 1909, a two point stop would have made you buy at 218—a perfectly idiotic thing to do after an advance from par in less than two years.

Another thing I don't believe in is buying when a stock sells at a new high point or selling when it breaks over to a new low point. Of course if prices keep going higher on each advance this is an indication that a bull market is under way, but the fact that the price reaches a new high point is no indication but what that particular bulge may be the last one. Besides, it's no place to buy because it is buying on top. If you are long at a low price you will naturally hold on as long as the price keeps working up, until you see something in the situation which leads you to turn around, but you are crazy to buy just because the price breaks over into new ground. You should buy on declines, not at the top of the advance.

For the first three years of my trading I used stop loss orders and think perhaps I saved some money by it, as I didn't know much about the business. Then I began to see my way a little better and got disgusted with stop loss orders. I played small and lost about $300 net during that time. Then I began to make money, but I got short of Burlington the time Jim Hill bought it all up, and when I came to, I found I had lost pretty much everything but my shirt.

Then at the time of the panic in May, 1901, I scraped up all my money and borrowed $500 and bought St. Paul on 50 points margin. This gave me a good start, for I got a splendid profit. In 1903 I got in too much of a hurry and risked half my capital on a 10 point margin and lost it.

But taking the last fourteen years as a whole, I have run a capital of $1,000 up to $38,000—and I am still only 43 years old. I believe I can make a lot more if I can keep from getting a swelled head or from setting up in business for myself. So far I have stuck to my salary and the stock market, but I probably wouldn't if it hadn't been for my wife, who has a heap more sense than I have.

By the way, I forgot to mention that I believe in using a stop loss order to prevent a good profit from running into a loss. That seems to me to be good sense. Also it may be a good plan to limit your loss on the short side to 20 or 30 points, to cover the possibility of a corner. I never saw but one corner and never expect to see another one, but of course it's possible.

Now, my method of trading is simple and is based on three things—first, bank loans; second, prices, and third, panics and booms.

Bank loans are the most important. It takes money to finance a bull market and the money has to come from the banks, directly or indirectly. When bank loans all over the United States get very much extended, and especially when they get larger than deposits, it means that there isn't much more money to finance a bull market on. It may not show in the money rate right at the moment, but it is bound to show if a big bull speculation starts or when it comes to moving

the crops in the fall. "Money is the fuel that feeds the fire of speculation," somebody says.

Don't try to judge entirely by the New York bank statement—take the reports of all the national banks in the country and all the information you can get about State banks and trust companies. Also remember that changes in the condition of the banks generally start in New York and spread westward. When the New York banks have big loans out it is time to be suspicious, and when this condition begins to spread through the rest of the country it is time to get bearish. Likewise after a break when money begins to pile up in the banks, you can be sure that it will be used for bull speculation sooner or later.

The next thing is *the price*. Take Union Pacific again—when it sold at 100 in 1907, all the while paying 10 per cent. dividends, any school boy knew that it was a ridiculously low price for such a stock. Suppose you waited until the corner was turned in the bank stringency at that time and bought at 110 (I was chump though to wait and pay 117 myself) for of course you couldn't expect to get it at the bottom. Fifty points margin was as safe as government bonds. If you held your stock until after it sold at 219 and finally got scared because Harriman was going to die and sold out at 200, you would make about 200 per cent. on your investment, including the dividends you got for the two years. One hundred per cent. a year counts up pretty fast—figure it out and see. Likewise when Reading, a 6 per cent. stock just raised from 4 per cent., sold at 170, an advance of 100 points in two years, ordinary horse sense ought to tell anybody that the stock was *high*. Prices can't go up all the time. Something is bound to happen to give them a setback.

The next thing is *panics and booms*. I always figure that after a long bull market the final turn is not coming until we have had some sensational advances in the leading stocks with a good deal of excitement and big transactions, and a long bear market isn't going to end till we have a panicky break. I suppose the explanation is that the people who have nerve enough to buy in a panic simply can't be forced out by further declines, while on a wild advance everybody who will buy in that kind of a market gets long and there is nobody left to buy more.

This third principle is a good one, because it helps you pick out the place to buy or sell. I can often catch the bottom of a big break within three or four points, but of course it takes experience to do that. Sometimes the price appears to be low and the bank conditions seem good, yet the market will drag along for months until you get a panicky break—then prices will start up. In other cases you get the panic first and the bank loans don't contract till after it is over.

Of course I watch other things in addition to the three above mentioned, but really doubt if I get much advantage out of them. If you try to figure on everything you get confused and are worse off than if you stuck to two or three of the most important points. For this reason I keep pretty close to my three guides to market conditions.

I suppose I have tried a dozen tipsters' letters first and last. Most of them are no good, but I have settled down on one man that I think has a pretty good idea what he is talking about, and I take his letter right along. I don't follow it unless it agrees with my own opinion, but I find it helps me considerably. I have got so used to him that I can almost tell in advance when he is going to get wrong and when he is going to be right. Some of these tipsters have studied the market a good deal, but they are all narrow-minded and can't take a broad view of the situation. Besides, they generally have some kind of a pet chart scheme and talk about ⅝ point stop loss orders and a lot of similar nonsense.

This article is a good deal longer than I intended to write, but you can cut it down to suit yourself. The Ticker will always have my best wishes, for it is an honest, able, wideawake paper.

Note by the Editor.

Your method is the real way for an outsider to make money in the stock market, and is what we have frequently advocated for those who are not able to make speculation a daily profession.

Anyone trading on your method should never employ a two point stop order. If you buy in panics or buy bargains on a 50 point margin, we should recommend no stop order in a panic, and a 10 point stop order on a big intermediate swing, such as that which took place early in June. We should also recommend a 10 point stop order if you sell short a stock like Reading, because this issue is probably the easiest to corner of any stock listed on the Exchange to-day.

We do not agree with your plan of holding on until you can get out "even" after you have decided that you are "in wrong." We believe that if you decide that you are wrong, you should sell out even at a loss. Sell on a bulge, of course, if possible, but don't hang on against your judgment in the hope of getting out even. Failure to take a small loss frequently results in a big loss. If, when you found yourself short of Burlington at the time mentioned, you had taken a small loss, you would not have parted with nearly everything but your shirt.

Look over the records of the big active stocks over a long period, and you will find that you are wrong in stating that it is not time to buy when a stock breaks through former tops into new territory, likewise sell when it declines into new territory. Your argument that it is no place to buy because it is buying on top will soon be disposed of if you will examine the facts. There are a great many new tops made in the course of a bull campaign, but there is only one last top, so why should you fear buying on any of these new tops when the chances are twenty to one that you will not be landed on the last up-turn? For instance, from February 23, 1909, according to our chart in the April, 1910, issue, U. S. Steel made over thirty new tops up to October 4th, and the only top on which you could have bought without having an opportunity to get out at a profit would have been the last, which was around 94.

Your method is a very good one. We congratulate you upon your success, and we see no reason why, with your present capital, you should not make enough in the next five or ten years to make you independent for life.—The Editor.

"The greatest achievement was at first and for a time a dream. The oak sleeps in the acorn; the bird waits in the egg; and in the highest vision of the soul a waking angel stirs."

Prospects for the Copper Merger

Varied Phases of the Situation Which Now Confronts the Copper Companies

By G. C. SELDEN

CAN the great copper producing companies be combined so as to put the copper industry in a position as strong as that of the steel business under the leadership of the United States Steel Corporation? That is the question upon which the attention of leading financiers is now concentrated, so far as copper conditions are concerned.

It is an enormously complicated and difficult question, but it must be solved before the copper industry can be put on a satisfactory basis.

LEGAL OBSTACLES.

First arises the question of the legality of such a merger; and while the final result is in doubt and must remain so for the present, the situation as it now exists can be explained in a few words.

No sooner had the Supreme Court postponed its decision on the Tobacco Trust and Standard Oil cases than the keen legal minds in the employ of the Amalgamated Copper Company had devised a plan to put that company in a safe position no matter which way the cat might jump. Amalgamated is a New Jersey corporation, holding stocks of mining companies operating in Montana. This places it under the control of the Federal Government as doing an interstate business. Anaconda, however, was incorporated in Montana—the State in which Amalgamated's mining operations are carried on. Amalgamated transfers its holdings of subcompanies' stocks to Anaconda and takes Anaconda stock in payment. This leaves Amalgamated owning practically nothing but Anaconda stock.

In this position, if the Supreme Court decision is favorable to holding companies, Amalgamated is all right; if the decision is unfavorable Amalgamated can simply distribute its Anaconda stock to the holders of Amalgamated stock, and they will then be in practically the same position as before except that the name of their company will be Anaconda instead of Amalgamated.

This covers the Montana situation fairly well, but it does not permit the merger of the Montana companies with those of Utah, Nevada and Arizona. Doubtless this will have to wait until the Supreme Court decision is out of the way, but you may set it down on the family record page in your bible that if the capitalists who control these various companies can get together and agree the companies will be merged in some fashion, Supreme Court or no Supreme Court. No laws that have been passed or that ever will be passed can permanently prevent the progress of consolidation.

What are these subcompanies of Amalgamated but branches or departments of the main company? If the Court will not permit them to be held as subcompanies, the organization of the holding company can be modified to correspond with the requirements of the law without any essential change in the management and methods of business. The effort to stop concentration of business enterprise by putting new laws on the statute book is puerile.

PRODUCTION, CONSUMPTION AND SURPLUS OF COPPER METAL.

The bears have a theory that before any copper merger can be brought about the industry will go to everlasting smash owing to over-production.

The first point to be noted about this is that in spite of the opening of the porphyry mines, the production of copper has not increased any faster during recent years than in the past. The output of copper for forty years has shown a reasonably regular increase of a little over 6 per cent. a year. During the period 1897-1908 the rate of increase was almost exactly 6 per cent. A further 6 per cent. increase for 1909 would have made the world's production about 806,-000 tons. It actually was in the neighborhood of 860,000 tons—an excess of only about three weeks' production above the regular rate of increase for years past. Moreover, the rate of production for 1910 so far indicates no increase over 1909. So there is no over-production in comparison with past records.

The trouble has been in the falling off of consumption. World's stocks in January, 1909, were 247,000,000 pounds; in June, 1910, they are 399,000,000 pounds—an increase of 152,000,000 pounds. This increase, however, is equal to only five or six weeks' American production. If all the American mines were to shut down for three months, consumption continuing as usual, the world would be practically bare of supplies of copper. Evidently this accumulation of copper is not so paralyzing as it looks at first glance.

The abnormal and artificial prices maintained early in 1907 checked consumption and it has not yet fully revived, owing largely to scarcity of capital for financing electric railway work. But the price of copper is now less than half the highest figures touched in 1907 and there is absolutely no reason to suppose that consumption will not revive, just as it has always done before under similar circumstances.

The simple fact is that this gigantic over-production of copper doesn't exist. The opening of the porphyry mines has merely served to supply enough additional copper to meet the world's normal requirements. Twenty-six cents was a famine price for copper, but at 13 cents or less the world's consumption will overtake production within a reasonable time.

FUTURE OF THE COPPER INDUSTRY.

The fact that the Utah Copper Company, Nevada Consolidated and others of the porphyry group can produce copper from their low grade ore at a cost of 7 to 8 cents a pound, while the cost for the Amalgamated subcompanies, as figured from the Anaconda listing notice recently filed with the New York Stock Exchange, ranges from 9.4 cents for Butte and Boston to 15.45 for Parrot, with an average of about 10 cents a pound, has given rise to the fear that the world will be flooded with low cost copper and the Amalgamated almost put out of business.

It appears, however, that these deposits of low grade copper ore are strictly limited. The deposits at present being worked have been well known for a generation, but they could not be mined until methods and machinery were invented which would reduce costs to the point where a profit could be earned from the low grade ore. Since the success of the Utah and Nevada mines, diligent search has naturally been made for other deposits of similar character, but no new ones have been located.

Copper, like steel, will always have its ups and downs, because the larger part of its use is in new construction of various kinds. In periods of financial disturbance or scarcity of capital the demand for copper will fall off sharply, just as it has since 1907, but in periods of extensive building, development of electric railways and electrification of parts of our present steam roads, copper will be in great demand. For this reason it is important that considerable stocks of the metal should be kept on hand.

With the constant application of electricity to new fields, the consumption of copper must continue to increase, when the averages for a series of years are considered. In fact, some prominent experts do not hesitate to predict that all our steam roads will eventually be electrified. The present moderate accumulation of stocks of copper is due to the difficulty in securing capital for new construction enterprises rather than to over-production of the metal.

CONTROL OF THE COPPER SITUATION.

Since the Amalgamated Company was formed, in 1899, the copper industry has been under the control of shrewd and powerful manipulators. Rogers, Ryan, Lawson and Addicks found in copper an exceptional field for their peculiar talents.

It is entirely probable that the price of the metal was held around 26 cents in 1907 to facilitate stock market operations, and with the full understanding and expectation that the subsequent decline would be all the more severe because of the artificial advance. Just where that decline will end no one can say. Presumably the price will drag until there is an important revival of construction.

In the meantime, if we are to judge the future by the past, we may assume that the stocks of the most important copper companies will be gradually accumulated on the declines in preparation for a merger or agreement, the exact character of which will be determined in a great measure by future events. It is quite in line with recent economic developments that severe competition should be eliminated from the copper industry and one need not hesitate to predict that this result will be accomplished in one way or another.

How to Select Investments

By WILLIAM WALKER

IX.—Industrial Preferred Stocks as Investments

SPECIAL attention is likely to be directed to the industrials in the near future, because they do not labor under the difficulties confronting the railways. The railways cannot raise rates to meet their increasing expenses without the permission of the Interstate Commerce Commission, which involves delay, at least, and probably some disappointments. The prices of the various products of the industrial companies, however, are fixed, in the last analysis, by supply and demand, and no legal complications will be encountered in raising prices if the demand warrants it. There can be no question of the great advantage this gives the industrials in a period of generally high prices.

A BUSINESS MAN'S INVESTMENT.

Some of the industrial preferred stocks have reached the point where they may properly be termed safe and conservative investments for business men. American Beet Sugar preferred, American Cotton Oil preferred, and United States Steel preferred, for example, have a record of steady dividends behind them, and the earnings of these companies, according to their last annual reports, were sufficient to pay the preferred dividends four or five times over. Yet in 1907 these preferred stocks sold at prices to yield 8 or 9 per cent., and even at the high prices of 1906 they would have enabled the investor to realize 6 per cent. on his money.

It would naturally be supposed that the reason these stocks sell at relatively lower prices than the preferred railroad stocks is the doubt in the minds of the investors about the stability of earnings, as the profits of industrial companies necessarily fluctuate more widely than those of railways. The best industrials, however, have now passed through several periods of business depression and have always "bobbed up serenely" within a year or two.

Moreover, it is a curious fact, and one

not generally appreciated by investors, that industrial preferred stocks did not suffer much worse during the panic of 1907 than railroad preferred stocks. To bring out this point, and also to show the relative yield of preferred stocks of industrials and railroads, and the margin of safety (or per cent. of surplus left over after satisfying preferred dividend requirements), we have prepared the table herewith.

This table is worthy of careful study. It will be noted that for the sixteen industrials the average difference between the high price of 1906 and the low price of 1907 was only 33.9 per cent., while the ten preferred rails declined very nearly as much, or 30.9 per cent. This is in spite of the fact that the margin of safety for the rails is, on the basis of last reports, more than 50 per cent. greater than the margin of safety for industrials. Two industrials, Cotton Oil preferred and United States Steel preferred, showed a smaller relative decline than any of the ten preferred rails in the table.

This serves to emphasize the point that the margin of safety is not as good an index of the stability of an industrial as it is of a railroad stock, because of the sudden changes in industrial earnings which frequently take place. Yet this does not fully explain why the industrial preferred stocks were as stable as the railway preferred stocks in the 1907 panic. It seems to have been the case that the holders of industrials, while insisting on a higher interest return than the holders of the rails, nevertheless had equal confidence in their securities and held them on the decline with equal tenacity. This plainly indicates that the industrial preferred stocks are coming to be more and more a factor in the conservative investment market.

Relative Stability of Industrial and Railway Preferred Stocks, with Yield at High and Low Prices, and Margin of Safety.

INDUSTRIAL PFD. STOCKS:	Depreciation, 1906-'07.	Yield at High Price of 1906.	Yield at Low Price of 1907.	Margin of Safety, Last Rept.
American Beet Sugar	27.3%	6.7%	8.0%	81%
Agricultural Chemical	26.4	5.9	8.0	53
Car & Foundry	25.7	6.7	9.0	49
Cotton Oil	17.5	6.3	8.6	78
American Smelting	37.2	5.4	8.5	48
Central Leather	36.7	6.5	10.3	53
Steam Pump	45.6	6.5	12.0	51
Mackay Companies	34.2	5.3	8.0	47
National Lead	24.6	6.6	8.7	43
Pressed Steel Car	39.0	6.7	10.9	53
R'y Steel Spring	32.7	6.5	9.7	42
Republic Iron & S.	54.3	6.4	14.0	41
Sloss-Sheffield	38.5	6.2	8.7	60
U. S. Rubber (1st pfd.)	46.1	7.0	12.9	36
U. S. Steel	23.3	6.2	8.9	68
Va. Chemical	36.2	6.8	10.7	59
Average for Industrials	33.9%	6.4%	9.8%	54%
RAILWAY PFD. STOCKS:				
Atchison	26.4%	4.7%	6.4%	72%
Baltimore & Ohio	25.0	4.0	5.3	84
St. Paul	40.4	3.2	5.4	74
Northwestern	31.5	3.0	4.3	88
C., St. P., M. & O.	32.2	3.5	5.1	64
C., C., C. & St. L.	28.0	4.2	5.9	81
M., St. P. & S. S. M.	40.2	3.8	6.4	77
P., C., C. & St. L.	36.7	4.6	7.1	75
Reading (1st pfd.)	24.0	4.2	5.5	88
Union Pacific	24.2	4.0	5.3	90
Average for Rails	30.9%	3.9%	5.7%	79%

SOME CURIOUS ANOMALIES.

Incidentally this table illustrates the vagaries of investment markets. Why should Northwestern preferred sell on a 3 per cent. basis in the tight money markets of 1906? It is equally difficult to say why Panhandle preferred, in 1907, fell to a basis of 7.1 per cent. on the investment. Both prices were ridiculous, and show that there is just as much opportunity to make money by discrimination in the purchase and sale of stocks for investment as there is in speculation pure and simple. Republic Iron & Steel yielding 14 per cent. on the investment, and Rubber 1st preferred at 13 per cent were equally absurd. Such prices could only be due to the pressing necessities of large holders.

In the proportion of earnings applied to improvements there is considerable difference in the various industrial companies. Moreover, it is difficult to draw an accurate comparison between companies because of the different methods followed in making up income accounts, and especially in charging off depreciation and cost of improvements, additions and betterments. In some cases these items are charged against operation, in others against surplus after dividends, and in others against profits and loss surplus.

The figures given herewith were made up a short time ago by a well known Stock Exchange house* and included in a pamphlet on industrial preferred stocks.

BUYING AT THE RIGHT TIME.

In closing these articles the author wishes to emphasize the idea expressed in the beginning that it is just as important to buy at the right time as it is to buy the right stock.

When you have made up your mind on a stock you would like to own, take your time about making the purchase. Remember that we have Stock Exchange panics as often as once in three years on the average, and that it pays you, as a rule, to wait three years in order to buy your stock 10 or 15 points cheaper. Then when a panic comes, don't lose your courage because prices are low—that is the best possible reason for having courage. The biggest fortunes in this country have been built up by being a bull on the United States—having confidence in the future and in the destiny of our industries at times when less courageous investors dared not buy. It's a great country and neither the plutocrats nor the anarchists are big enough to smash it.

* Taylor, Smith & Evans.

Earnings and Surplus of Industrial Preferred Stocks.

Name of Company.	Average Earnings for Preferred Stock in Last Five Years. Amount.	Per Cent.	Amount Carried from Income to P. & L. Surplus, or Directly Reserved for Betterments, Additions, etc., in Last Five Years.
American Agricul. Chemical	$2,022,699	10.74	$4,631,883
American Car & Foundry	5,137,152	17.12	11,985,763
American Cotton Oil	1,375,813	13.48	1,593,407
American Locomotive	4,458,853	17.83	10,731,768
American Smelt. & Refining	8,132,292	16.26	8,411,461
American Woolen	3,468,038	9.91	*7,758,945
International Harvester	†8,073,068	13.45	14,292,275
National Biscuit	3,901,359	15.72	3,516,221
Railway Steel Spring	1,606,980	11.90	1,015,057
Sloss-Sheffield Steel & Iron	1,023,161	15.27	970,805
United States Steel	69,847,299	19.38	190,679,453
Virginia-Carolina Chemical	2,721,951	15.12	5,690,225

* Includes $5,367,838 charged off for depreciation.
† Average for four years and after all deductions for special reserves.

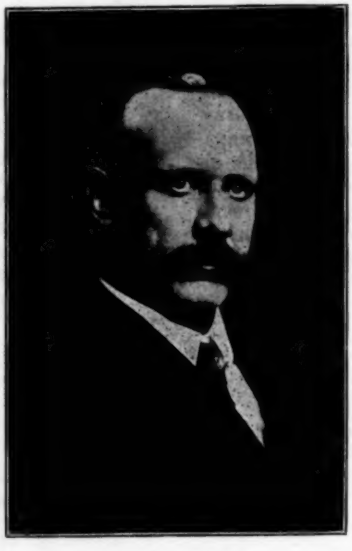
Saving the People's Money

A New Departure by the Kansas State Banking Commissioner

CAVEAT EMPTOR—let the buyer beware—is a maxim that has applied with peculiar force to the handsomely engraved stock certificates offered for sale by irresponsible or visionary promoters. It is hard for the unsophisticated to appreciate the fact that the prospectus that promises the most is usually deserving of the least consideration.

Bank Commissioner Dolley, of Kansas, has come to the conclusion that his office might as well recognize this condition and do what it can to help save the people's money. He has opened an advisory department on stock investments in connection with his office which has already proved of great practical benefit.

"My plan is simply this," he writes THE TICKER, "when I receive an inquiry about a certain firm or corporation, if I do not already have the information, I at once take the matter up through the commercial agencies and other sources of information and get a line on this particular firm or corporation and advise the person inquiring."



J. N. Dolley
Banking Commissioner, Kansas

This new department of the bank commissioner's office is much more important than might be considered at first thought. The people of the State generally, and especially the farmers are prosperous. The field, therefore, is rich for the traveling agent with stocks to sell. Some of these propositions are legitimate, but a majority of them are either doubtful or worthless, according to the bank commissioner.

Some of the cases that have already come under the bank commissioner's notice have alone more than paid him for the extra trouble and worry of such a department. The other day a widow whose husband had left her three thousand dollars' insurance in a fraternal organization came to the commissioner and asked his advice on a proposition made to her by an agent who had stock to sell. She was contemplating investing all of her $3,000 in this concern. She said she had been told by the agent that his stock would pay 30 per cent. on the money invested. On the showing made by the agent alone, Mr. Dolley advised the lady not to invest a cent in the proposition. The widow was perhaps saved the loss of all the money she had in the world, and this single case makes the advisory department well worth while, according to Mr. Dolley.

"You can have no idea," says Mr. Dolley, "how many people are interested in these stock schemes as outlined by smooth-talking agents. And they are people, too, who pass for being shrewd and long-headed; people who have amassed some property or money. They

are caught by the bait of big dividends promised.

"These fake companies get the smoothest promoters available. To hear the agent talk the stock looks as good as New York Central preferred, when in reality this man's word and a stack of printed stationery and bonds are all there is behind it. The Kansas money spent this way is a dead loss to the State. Not a single pound of merchandise is brought into the State with it; not a single workman is placed on a payroll as a result; not a single natural resource of any community is developed; not a grain is planted; not a steer is added to the herds. It is simply a case of no return for the money. No benefit to anybody within the borders of the State."

There seems to be something fascinating to the average citizen about a proposition to buy stock in a company that is undertaking to build a railroad, or dig a mine, or plant fields of rice and tobacco, or burrless cockleburrs, or build a steamship, or start a manufacturing plant where none ever grew before. Mr. Dolley cites the present great and rich Santa Fe Railroad. How many men of the promoters and first stockholders of that company who entered via the ground floor made money out of it? Not one; anyway, not five. The Santa Fe, like most of the other big railroads of the country, passed through one or more receiverships before it was finally built big enough and run by big enough men to make it pay. One share of stock in any company under the sun is worth just its market price, and that is set by the earning value of the company's property or plant.

Mr. Dolley does not pretend to preach against corporations in general, but he wants to sound a note of warning that will reach the spot, against the habit of Kansas people at this time to buy stock from every agent who comes along without investigating the proposition. Neither does Mr. Dolley pretend to be able to tell a purchaser that his investment is good or bad, or to pass upon the merits or demerits, or to advise a purchaser whether or not to invest in this or that. He only urges the would-be purchaser of stock in a company about which he knows nothing, to advise the bank commissioner's department, and that department may be able to save him from total loss of money invested by finding out whether or not the company in question is legitimate. It is the rank fakirs with nothing but words and printed prospectuses behind them that Mr. Dolley hopes to save the people from.

When it is remembered that lotteries had to be abolished by law in this country to prevent people from pouring millions into their treasuries without a penny in return, it is not surprising that stock lotteries can gather millions from a prosperous State like Kansas.

It would seem that here is an avenue of usefulness which the bank commissioners of other States might well consider. The judgment of the commissioner will not be infallible, of course; but on the other hand no one is obliged to take his advice, and it is entirely probable that his judgment will be very much better than that of the vast majority of those who apply to him for advice.

Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading."

X.—The Figure Chart as a Trend Indicator

LET us take the figure chart of twenty standard railroad stocks as shown in the foregoing chapter, and examine it in detail. It forms a wonderfully accurate trend indicator.

Beginning with the average price of 88 in December, 1900, the chart records a vertical rise to 97, followed by a reaction to 94.. The extent of this reaction is in itself a sign that the market will go higher, as the rise from 88 to 97 was 9 points, and a normal reaction would have been to 93. As the price did not fall below 94 there is evidence of a preponderance of demand, and when the price again rises to above 97, we have further substantial evidence of an upward trend.

The rise continues to 117, the highest figure ever recorded up to that date, which was May, 1901. Here the chart gave no evidence whatever that there was to be a reaction, but the newspapers at that time were full of the accounts of fortunes made by bootblacks, waiters and seamstresses, as well as warnings by prominent financiers that buyers of stocks at those prices were sure to come to grief, hence no one who kept his eyes open lacked signs that it was time to sell.

The panic of May 9, 1901, brought prices far below the figure recorded on these averages, as the low prices of that day were made in the morning. By the closing hour there was a substantial rally, so that the averages recorded only 104. The rise from 88 to 117 totaled 29 points, and a reaction of 14½ points would have been to 103 on the full figures. As a matter of fact the low mark recorded was just one point above this. It is surprising how frequently these halfway reactions work out.

After making 104, which was a 13 point drop on the full figures, a normal rally would have been to 110 on the full figures. The exact figure reached was 109. A decline to 105 then took place. As this was higher than the previous bottom, the indications at this point were bullish. The market again rose to 110, and after slight resistance resumed its upward course to exactly the same top as before, namely 117 (June, 1901).

The fact that the market could not overcome the supply of stocks at this level pointed downward temporarily. The subsequent 10 point decline culminated at 107. This was a higher bottom than the 104 and 105 levels, and could not be construed as bearish. The rally which followed this decline to 107 should have carried to 112. It fell short, touching only 111. This was a sign of weakness, but no positive sign that we were in a bear market. The next decline ran to 105, which, while bearish in itself, formed no grounds for liquidation, as 105 was an old supporting point. Had the market receded to 103, however, there would have been ample reason to believe that much lower prices would be seen.

Having declined from 117 to 105 (disregarding the intermediate rally), the next rally was due to reach 111, which is the exact point recorded on the start. The following reaction came to 106, a higher supporting point; then there was a rally to 110—a lower top—and a decline to 107, which made a higher bottom.

Observe how the market gradually narrowed down, beginning with an upswing of 6 points (from 105 to 111), then a down-swing of 5 points (111 to 106), an up-swing of 4 points (106 to 110), a down-swing of 3 points (110 to

107). At this point we might say that the market pendulum came to a standstill around 108, and we must now be on the lookout for an important move in either direction, as this point of hesitation forms one of those "periods" or stopping places, followed almost invariably by a wide swing. When 110 is reached once more, it looks as though this swing would be upward. At 111 we are fairly sure of it. At 112 we are certain of it. The market advances to 115.

The last low point was 107, and when the reaction sets in, we figure that it should reach 111, which is just what it does. (Note that these half-way reactions are more accurate on the swings of several points or over than on those of only a few points.) The rise is resumed, and after a little resistance at the former top (115), the old level (117) is overcome, and the rise continues to 121. Here there is a 3 point reaction. This is very slight considering the extent of the rise, furthermore, the whole formation points to higher figures, especially after 121 is reached the third time. Observe the diagonal supporting lines formed by the figures 117, 118, 119 and 120.

At 127 there is a slight reaction, and at 129 the market turns downward, although we must acknowledge that when 129 was touched we had no evidence that it was the culminating point; in fact, looking back over the figures thus far there is no point at which we should have been justified in turning bearish for the long pull. In other words we have been bullish, except for short swings, from 88 up to 129. At the first top, 117, common sense might have scared us out of our stocks, or we might have been shaken out in the May, 1901, panic, but if we were following these figures we should have been obliged to go in again on the long side after the panic was over. At the second 117 top we would have sold out, and either gone short for a turn or stood pat, but the chart would have urged us to buy again on some of the numerous reactions which followed. From December, 1900, to September, 1902, therefore, we would have been bulls practically all the time if we had followed this chart. (Note—This is what we should have done. Hindsight in the stock market is only valuable for the lessons it teaches, as there is no way of knowing what actually would have happened under the circumstances.)

Suppose that the high point of September, 1902, namely 129, found us still long of stocks. At this dizzy height we would either have been shaken out or stopped out on the reaction to 121. As this was a decline of 8 points, the subsequent rally should have been to 125, but the market did not have rallying power enough to carry it to that figure. It stopped at 124, and then declined to a new low level—119.

Covering up the balance of the chart with a sheet of paper, you can readily see that the formation up to this time indicates that the top of the market had been reached, and the downward trend commenced. This indication is accentuated by the next rally to 123, which is 1 point below the previous top. There is a further decline to 114, but in the meantime when 118 is first reached, if we have not already turned bearish, we are bound to do so at this level. The next rally carries to 118, which is about half way between 123 and 114, and the next decline stops at 114, the same supporting point as before, forming a double bottom, which is very good evidence that a normal rally will follow.

The total decline from 129 to 114 is 15 points. The half way rally to 121 is therefore all that the market is entitled to, and at this point we get short again (if we covered around 114) or we sell some more, according to our former position. This 121 figure might be called the jumping-off place, as there is in the subsequent series of declines, no indication of anything but a long down swing.

The first important up-turn is the rally from 91 to 98, and the next decline is to a still lower figure, viz., 89, which is within 1 point of the low figure, 88, first recorded on the chart. This is in September, 1903. Our plan should have been to buy when the market touched 91 the second time, but in a panic (for this was the panic of 1903) one hardly needs figures of any sort. It is always time to buy in a panic. With Union Pa-

cific below 70, Reading below 40 and U. S. Steel around 10, there need have been no doubt that it was time to get in and stick on. The rallies and reactions between 89 and 98 gave evidence of inside accumulation, and the support at 92 in March, 1904, was a strong indication that the upward movement had begun.

Observe how the rallies and reactions immediately following this formed an oblique line of supporting points running from 92 to 95, at which latter figure the market again came to a sort of balance. As soon as it worked out of this rut and made 97, 98 and 99, and especially when it touched 100, we were bound to be bullish. Anyone who witnessed this rise remembers that the market's upward swing was almost without important reactions, even in the individual stocks

The decline from 129 in September, 1902, to 89 in September, 1903, was just 40 points on this chart. When the rise amounted to 20 points, that is, when it reached 109, we should have been on the lookout for a reaction, as this was half way up, but no reaction occurred either at this point or at 116, which constituted a two-thirds rally from the low point. The next point of resistance should have been 121, but the market did not quite reach this figure, stopping at 119 and receding 5 points to 114. By looking over to the left of the chart, we find that 114 was the double supporting point in the 1902 decline. It seems strange that even after a period of a year or more the market should meet resistance at the same supporting level, but it is a fact that these former tops and bottoms are to be respected, so often do they prove the pivotal points of movement.

On the rally to 119, we may be tempted to sell out, but at 120 to 122, we are obliged to resume the long side. We are now on the watch for 129, which is the next important point of resistance. The market falls short of this by 2 points, stopping at 127, and reacts to 118, which is the most important reaction in the whole movement thus far.

The rise from 114 to 127 amounted to 13 points. Half of this would be 6½, therefore the reaction should have stopped in the neighborhood of 120; as it broke through to 118, this may be regarded as fair evidence that it will go still lower, which it does, meeting resistance again at the 115 level. This is slightly higher than the previous support at 114, and indicates another rise.

The decline from 127 to 115 amounts to 12 points, hence at 121, which is just half way, we may look for resistance. If we sell out at the 121 level, we must take on our lines again at 122, for the indications are that the market will again make 127 or better. If we sell out at 127, we do not go in again until the 130 level is reached, as this assures us that the old 129 top has been overcome. After making 132, there is a reaction to 128. The next rise to 132 forms a double top, and the chart begins to record horizontal lines at 129, 130 and 131, so we sell out around 132, and either go short or await developments.

There is another decline to 128, which lengthens the above horizontal lines and assures us that distribution is in progress. The next rally does not stop at 132, it forges right on through to 138, the highest level ever recorded before or since that time, but of course we do not know this when the figures are first made. Short sales which may have been made at the 132 level, should of course be protected by stop orders, hence the losses, even if one sold short prior to the rise to 138, would not have been very heavy.

Prices receded again to 129, and the 130-131 lines are still further lengthened. The decline from 138 to 129 calls for a rally to 133. This is accomplished in due course, and the market thereafter takes a violent plunge through all former supporting points down to 121.

The decline up to this time measures 17 points, and calls for a rally of 8½ points, or to 129. The rally actually carries to 131, which looks rather bullish. The subsequent decline meets support at 122, a higher level, and as the market again rises to 123 and 124, we note that the chart is forming a solid foundation at this level, notwithstanding the fact that indications, principal among which

are the lowering tops, all favor an important downward swing.

The advance continues, and at 131 we see evidence that the work down below is preliminary to another advance. There is no hesitation at 133.

We now look for another selling point at 138. This figure is not quite reached, 137 being the top, followed by a reaction to 132. There is another rise to 137, which forms four horizontal lines at the 133, 134, 135 and 136 levels, and it gives us a double top at 137. There could be no better evidence that the stock accumulated in the 120s is now being passed out, and it is time to sell out and get short without any hesitation.

The next recession to 132 lengthens the vertical lines and makes us more positive that we are on the right side. We are now bears to the limit, the evidence supporting our position being a triple top and double distribution. We look for some support at 129 because this is just half way down from 137. The support appears and there is a rally to 131, which gives us a chance to put out further short sales. The market plunges on down to 121; we look for some support at this level, but the price touches 120 before the support appears. There is a 2 point rally to 122, and we note that the only rallies since the 137 tops have been 2 points on the full figures.

The bull market ran from 89 to 138—49 points. The half way stopping place for the bear market would therefore be in the neighborhood of 114, but there is no stopping this bear market; it slides down to 100, a decline of 37 points, with nothing more than a 2 point reaction at any stage. This constituted the panic of March, 1907.

The first important rally runs to 108. On the next break, the supporting level is 99, slightly lower. Somewhere about the 100 level, we are obliged to buy, either on the basis of the figures alone, or the fact that a panic once more prevails. The next rise runs to a higher level than before, viz., 110, and gives vertical lines (four wide) from 101 to 107. This is support and accumulation, and a higher top (110) makes it look as though the market would go higher. The rise from 99 to 110 is 11 points, and the reaction to only 106 therefore strengthens our bullish view, but on the subsequent rally, the market cannot overcome the resistance above 110, and again recedes below 106 and on down to the 100 level. This forms a triple bottom, and the rally to 107 encourages us once more to stay on the bull side, as it is more than half way. The reaction which stops at 104, also looks bullish.

There is another rally to 107, after which the price comes back to 106. The formation thus far has, in appearance, sharpened itself up to a point, the apex of which is this last 106. This is a most critical point. From here the market will surely swing a considerable distance one way or the other, and we must go in whatever direction the trend indicates. At 105 we can see nothing definite; at 104 it looks as though the market had begun to turn down; at 103 we go with it, covering at 100 and going long. If the price now touches 98, it will mean a further decline to new low levels. There is no resistance at 99, and the price slides down to 95 without interruption. We are now short around 98, being again in a bear market, and the next rally to 101, which is almost half way, gives us a second selling opportunity. If we cover on the second dip to 95, we must get short again at 94, and stay short, say, until 89 is reached, where we cover because it was the supporting point in the previous panic, or because we are now in the midst of the October, 1907, panic.

If we do not buy on one of the days when the market is in a chaotic condition, preferring to wait until the chart gives us bullish indications, we are presently informed that accumulation is going on at the 88-89 level. There is a sharp rally to 95 and a decline to 87, but we must not be shaken out of our original panic purchases. The next rally carries only to 94, but the following dip amounts to only 2 points, the chart once more resuming that sharpened appearance, with 93 as the axis.

During the following rise, when 96 is reached, we become more bullish; the advance to 104 confirms our judgment and places us in a strong position marketwise. There is another "sharpening"

around 101, and another rise under similar circumstances to 109. This brings us up to the territory of two former tops, (110) made in the spring of 1907, and we look for resistance, which appears in due course, but there is nothing to make us bearish, and we hold on to our panic purchases with the idea of selling out in the next boom. After the reaction to 104, the chart has worked itself into a symmetrical grove.

Place a ruler so that the supporting points at 87, 98 and 104 are in a direct line, and you will readily see that the market is headed strongly upward, with a considerable distance yet to be traveled before it reaches the distributing points of former bull markets. A line drawn from 95 to 104 gives a rough outline of the tops, which becomes more clearly defined after the top at 118 is made. A line drawn from 95, through and past the 118 top calls what turns out to be the top of the whole movement, (134), almost exactly, but perhaps in this we are getting a little ahead of ourselves.

Going back to the top at 120 with its subsequent reactions, we observe that some lines are beginning to form at 117, 118 and 119. We may be led to believe that some distribution is taking place, and it may be so, for insiders do not always wait until the very top of the market before beginning the selling process. If we sell out at this level, which would be poor policy in view of the distance away from the former high levels, we should take back our holdings after the reaction to 114 and when the subsequent new top at 121 is reached, because the touching of this figure shows that whatever selling has taken place, is not sufficient to permanently check the rise.

As the market continues upward from this level, we must, however, be more and more on the lookout for good selling points. Former bottoms made in 1906 at 128 and 129 furnish some clew, but after reacting to 125 the market again advances vertically until 134 is reached. This is within 3 or 4 points of the high levels of the 1906 boom. We now become very cautious.

Supposing that we are still long of stocks, we should have a stop order a few points under, so that no matter what happens, we shall retain the bulk of our profits. The first important reaction amounts to 6 points, namely to 128; there is a rally to 132, which is over half way, and when the market comes back to 131, a triangle has begun to appear, this formation being enlarged after the decline to 128, and the subsequent rally to 130. Here again there is a sharpening off of the formation, but with all those solid lines from 129 up, and with the appearance of this solid block of figures (which looks like half a pyramid) we cannot possibly do anything but turn bear and sell.

Indications are very positive at this point that the bull market has been broken up, and that the bear market has begun. The figure 129 was touched for the last time in the first days of the new year (1910), and from that time to present writing the chart gives no indications of anything but a long down swing, in which rallies are simply opportunities to sell.

In looking over the whole chart we note that the main movements extending over two or three years have not, as a rule, been "broken up" or reversed until a reaction of at least 8 points has occurred on this chart. Here is an indication worth watching, as it is valuable in itself, for in nearly every case, after these first important reactions (or rallies at the culmination of a bear market), there have been almost always opportunities to get in or out on the secondary movements. No one can expect to get the exact top or bottom except in rare instances, but if by the aid of this chart you can get on *somewhere near* the bottom and sell out and get short *somewhere near* the top, always using a stop order in case you are wrong, there is no reason why a great deal of money should not be made. To those who cannot get themselves into the mental attitude where they are able to make short sales with comfort, there is ample opportunity to sell out on the indications thus given, and wait for the next big decline or panic before repurchasing.

In the following number fractional charts and other chart ideas will be explained.

Can the Railways Maintain Present Dividends?

Proportion of Railway Expenditures for Various Purposes in 1909

WHEN it is stated that the principal railways have advanced wages 6 per cent. over the 1909 schedule, this seems like a comparatively small matter. The importance of the advance in wages results from the fact that 41 per cent. of the gross earnings of the railways of the United States is spent for labor, while only 7¼ per cent. is paid out as dividends, the average dividend would be reper cent. in wages for all the railways of the country were deducted from dividends, the average divided would be reduced from 7.23 per cent to 4.77 per cent. This is a reduction of over one-third in the amount of dividends paid—a very serious matter to holders of stocks.

And this is not the worst of it. Railway expenses for materials, taxes and interest on funded debt are likewise increasing. Unless rates can be correspondingly raised, some of the weaker roads will certainly be obliged to reduce their dividends. The diagram herewith* presents the situation at a glance.

Of course the reply may be that a large part of the capital stock of the railways is water and is not entitled to dividends of 7¼ per cent., but we are not here discussing the justice of the dividends—merely calling attention to the facts of the situation.

Distribution of Gross Earnings of American Railways, 1909.

* Prepared by Bureau of Railway News and Statistics, Chicago.

Board Room Conventionitis

By C. W. DUKE

"SPINKS, you are an ass!" burst out Chapman with impatience. "Atchison has bitten you twice, Union has stung you three times, you were kicked out of Steel without your cane, gloves, or top hat, and you came within an ace of breaking your financial neck in Amalgamated."

Spinks stood looking at the floor, hands thrust deeply into his coat pockets, the picture of dejection.

"You talk about making a success in Wall Street! Why, you already have the worst case of board room conventionitis that I ever saw. You have long ago ceased even to think in steel rails, passenger cars, freight cars, engines, stations, steel plants, cotton mills, woolen mills, shoe factories, wheat fields, cotton fields, oat fields, the cattle on a thousand hills, and these teeming, crowding, clanging cities. All of these have shrunk in your mind to a bit of cardboard, put up and taken down in ⅛'s, ¼'s, ½'s, and points by a boy.

"Your tangible sense of Reading is not its 2,000 miles of steel rails, not its 900 passenger cars, its 1,000 service cars, its 45,000 freight cars, its ten hundred mighty engines, its scores of fine stations, its millions of tons of unmined coal, its vast "concealed assets," and the densely congested stretch of busy human life through which it runs.

"That's not your Reading. Reading, to you, has shrunk to a mere abstract figure of 170 in printer's ink, on a piece of pasteboard two inches square, moved about on a blackboard by a red-headed office boy. That's your 'Reading'; that's your 'Union'; that's your 'Steel.' That is your universe. And that, Spinks, is what you have finally warped, shriveled and shrunk down to."

Spinks had straightened up in his chair, full of attention.

"You are not buying and selling stocks by the infinite laws of the universe." Chapman went on, knife in one hand, cigar in the other. "You are buying and selling stocks by the strange warping fascination of a few clicking tickers, some cigar smoke and several rows of chairs, swapping stale opinions, with your eyes and ears full of Wall Street mush in the form of news slips, telegrams, and tips. That's your A, B, C's of Reading. That's your twice two of the seething reality and boundless potentiality of eighty millions of people. That's your two foot rule of the universe.

"You do not see that action and reaction in the stock market is merely one manifestation of infinite law. You do not see that stock values represent property in every breath of their fluctuations. Your standard of practical every-day board-room sanity is those hoary headed jokes, 'insiders are said to be accumulating stocks on all declines,' 'the buying of Union looks better than the selling,' or 'if Union breaks through 90 it will go to 200.' Shades of the button-wood tree! How stale!"

"Yes, but, Jim, what better have you?" Spinks eagerly asked, now leaning forward, absorbed in the subject.

"My dear man," said Chapman, "these have become old horse cars—bell bottom pants—hoopskirts—mere cowpaths to the new school in Wall Street. The new school has taken the demonstrated facts of science at their word, that every atom of the universe is infinite, and that every atom of the universe is controlled at every moment of its existence by infinite natural laws. They have already discovered a number of these laws in the stock market, and now they are working out the multiplication tables of the law of action and reaction, of the laws of value, of the law of anticipation, of the law of vibration, etc. Why you, Spinks, and your chair dreamers, are mere Rip Van Winkles in comparison to the new school in stocks. You are still asleep in the old chairs,

your financial gun has fallen to pieces, your financial clothes have become full of patches and holes and disintegration, and your mental and moral hirsute has become a matted mass of degeneration.

"But," said Chapman, taking out a match and lighting his cigar, "you will wake up some day, Spinks, from your years of disintegrating slumps in those chairs, and when you do you will hear a new language in Wall Street. Not that 'Union' is tipped for a rise; not that 'the whole market impresses me like moving to a higher level'; not that 'there is talk of the dividend on Reading or Brooklyn being increased'; or that 'Goldback and traders are buying'; but you will hear of condensation, rarefaction, vibration, density, elasticity and velocity; you will hear of ratios between elasticity and density, the pitch and lengths of speculative waves. Professional Wall Street will not then be talking about buying on the 'bulges,' and selling on the 'slumps.' It will be discussing the laws of value, psychology and mechanics as applied to stocks.

"Then you will not be so eager to bite into every 'tip' so deeply, whether it be deadly green, rank poison, or a rosy apple rotten at the core. You will not then, Spinks, be taking so many ebb tides for floods, or bramble hedges for strawberry patches, or skunk spruce for rock maple. You will come pretty nearly knowing then, Spinks, whether you have a Mount Blanc, a split pea, or a lame duck.

"But, pshaw! Why waste this talk on you? It's like tossing water against the wind."

"Don't say that, Jim!" cried Spinks, springing to his feet. "You have given me a profound jolt. How a man will shrink by convention and not know it! You have diagnosed my symptoms like peeling bark from a birch tree. You have chased my case down into its very lair. Now, what's the cure?"

"The cure is simple, Spinks. First, get out of that boardroom as a *habitue*. That's the ostrich with its head in the hole. It's simply another method of hypnotism—another way of trying to lift yourself by your bootstraps! Next, away to the hills, the woods, and ocean, and rivers, and snow-clad fields. Get out into space, distance, elevation, and the sacred silence of nature. Get up on the highest hill out back of the city, and look down into that old "dopy" boardroom on its chair sleepers, and on yourself among them, on that endless nightmare of chasing the golden fleece.

"Then, if you can't spare the time or money to take a leisurely investigating trip over the splendid railroad systems of this country, or through the wonderful plants of the United States Steel Company and its city of Gary, then spend most of your time, if you are determined to make good at stocks, up in some well-stored statistical department of a public library, and there taste, eat, and digest the wonderful development and still more wonderful latent possibilities of our great corporations and of our magnificent country—the whole but meshes in the infinite web of the natural laws of the universe. That, Spinks, I'll guarantee, will soon cure you of the most chronic case of conventionitis."

"Jim, thank you. That talk has already lifted me well up out of that mudhole of convention in which I was stuck. How a man will unconsciously shrink and shrink if he does not keep a sharp eye to his horizon!"

"Eternal vigilance, Spinks, you know, is always the price of liberty."

"Truest words ever spoken!"

Edwin Hawley

One of the Leaders in the Railway World.

THE recent weakness of Chicago & Alton and Toledo, St. Louis & Western, as well as the passing of the dividend on Minneapolis & St. Louis preferred, have led to some criticisms of Edward Hawley. His friends have replied that the prices of these stocks will soon recover, and that Mr. Hawley personally owns nearly every dollar of M. & St. L. preferred, so that the passing of the dividend is practically his personal affair.

The Alton has contended, during the past six months, with increased operating expenses, and with the strike of Illinois coal miners. Since January little if anything has been earned on the common stock. As the income of T., St. L. & W. has been chiefly derived from its holdings of Alton stock, both have declined sharply in price.

Following are extracts from the statement made public by some of Hawley's friends:

"During the recent break in the stock market, which carried down sharply the stock of the Chicago & Alton, and the Toledo, St. Louis & Western, the Street heard nearly every day that powerful interests were endeavoring to accomplish Mr. Hawley's financial ruin. It may be stated as a fact that no such effort was made. Instead of the large interests being opposed to Mr. Hawley it is a matter of record that most of them in this city are financially interested in one or more of the companies in which he is regarded as the dominant factor. While it is altogether probable that Mr. Hawley did not consult J. P. Morgan in the purchase of the Vanderbilt and Kuhn-Loeb holdings in Chesapeake & Ohio, the purchase of the Hocking Valley stock held by several railroads in which Mr. Morgan is a powerful factor, was conducted not only within the latter's knowledge but with his approval and consent. It may have been forgotten that Mr. Morgan's firm is managing the retirement of the preferred stock of that company.

"Speyer & Co. are recognized as the official bankers for the Missouri, Kansas & Texas Railway Co. and only this week made an offering of $10,000,000 notes of that company. Jacob H. Schiff and his partners in the firm of Kuhn, Loeb & Co. are known to be genuine admirers of Mr. Hawley's ability as a railroad man, and the firm has stood ready to finance various propositions which Mr. Hawley and his associates have had under consideration.

"James Stillman and Frank A. Vanderlip both have a substantial interest in the syndicate which bought control of the Chesapeake & Ohio. Mr. Vanderlip is a director of that company.

"It seems to have been forgotten that when the stocks of several of the roads in the Hawley group had their last big advance Mr. Hawley was generally spoken of as the foremost figure in the railroad world and as the leader of the stock market. Scarcely a day passed that it was not pointed out that the Hawley stocks offered the best speculative possibilities of any group of securities in the entire list. Some of these stocks are now at an extremely low level and when they begin to recover it is believed that the unfavorable rumors will cease."

The Bargain Indicator

Important Changes Caused by the Sharp Decline

NOTE.—**Except where otherwise noted, earnings are herein computed for the *twelve latest* months available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.**

As this magazine is mailed to subscribers two or three days before it appears on the news-stands, subscribers get the first advantage of the Bargain Indicator.

Railroads.

WHILE the railroads generally are showing much smaller increases in net earnings than in gross, actual decreases in net, as compared with last year, are found in only a few cases.

In most cases May earnings are the latest now available. June will undoubtedly make a much worse showing, as the increases in wages went into effect in that month. During July, however, many roads have made a special effort at economy, so that it may easily happen that the June earnings will be the worst for the summer.

If the roads succeed in obtaining from the Interstate Commerce Commission moderate increases in rates within a short time, they will probably be able to maintain dividends as a rule. It is the uncertainty of the prospect in this particular which, together with the scarcity of capital and the disaffection of controlling interests, has caused the sharp decline in prices.

Toledo, St. Louis & Western heads the list provided it continues to receive its 4% dividends on Alton common, but this is very doubtful. **Alton** has been showing an actual decrease in gross earnings, as well as a large increase in operating expenses. It barely earned the 4% on its common stock last year, and apparently will not earn over 2½% for the fiscal year ending June 30, 1910.

Detroit United sells at a low price owing to local political uncertainties. Its earnings continue to increase.

Wabash preferred has not yet lost enough on its net earnings to seriously impair its fine record for the year.

Chesapeake & Ohio and the Southern roads generally are showing remarkable increases in gross from month to month, while their operating expenses have not grown like those of the Western roads.

Denver & Rio Grande achieved in May a big gain in gross and a curtailment in expenses. As the price declined with the market, this brings the stock up to seventh place in the list.

Rock Island and **Missouri, Kansas & Texas** net earnings have slumped badly.

Industrials.

A number of new reports are available this month and in nearly every instance they show a good business for the last fiscal year.

Virginia-Carolina Chemical takes eighth place with earnings of 18% on price, in spite of the fact that the price has advanced against the trend of the rest of market.

American Car & Foundry reports a good year, in spite of the fact that the railroads have ordered cars in a hand-to-mouth fashion only. When we again get a good market for stocks and bonds, these equipment companies will get a good deal of the money.

American Steel Foundries makes public a report for nine months, showing good earnings for the first half of 1910.

Western Union, in its annual report to June 30, shows about the usual earnings. Of course its business does not fluctuate like that of a steel company.

U. S. Cast Iron Pipe preferred earned 4.4% last year, against 1.3% the previous year.

American Locomotive has not yet reported for its fiscal year ending June 30. This report will be awaited with interest, as the previous year's statement by no means indicated the real strength of the company.

THE BARGAI

TABLE SHOWING WHICH STOCKS

RAILROADS

PRESENT EARNING POWER AS COMPARED WITH MARKET PRICE

Position.		Approximate earnings on par.	Price July 11, 1910.	Earnings on price.
1	Toledo, St. Louis & Western common (see note below)	(a) 6.0	23	26.1
2	Detroit United	11.0	45	24.4
3	Wabash preferred	5.3	35	15.1
4	Chesapeake & Ohio	10.3	73	14.1
5	Colorado & Southern common	7.4	55	13.4
6	Louisville & Nashville	18.1	142	12.7
7	Denver & Rio Grande common	3.8	30	12.6
8	Union Pacific common	19.9	161	12.3
9	Norfolk & Western common	11.3	98	11.5
10	Buffalo, Rochester & Pittsburg common	(i) 10.8	96	11.2
11	Kansas City Southern common	3.1	28	11.0
12	Southern Pacific common	11.8	113	10.4
13	Minneapolis, St. Paul & S. S. M. common	(j) 13.1	127	10.3
14	Reading common	(d) 14.9	145	10.2
15	Pittsburg, Cincinnati, Chicago & St. Louis common	(b) 9.5	94	10.1
16	Chicago & Alton common	2.6	26	10.0
17	Atlantic Coast Line R. R	(c) 11.0	110	10.0
18	Delaware, Lackawanna & Western	54.5	550	9.9
19	Brooklyn Rapid Transit	(g) 7.0	76	9.2
20	Erie common	(e) 2.2	25	8.8
21	Delaware & Hudson	13.2	150	8.8
22	Southern Railway common	(e) 2.0	23	8.7
23	Atchison common	(c) 7.9	98	8.0
24	Canadian Pacific	15.2	188	8.0
25	Cleveland, Cincinnati, Chicago & St. Louis common	5.9	73	8.0
26	Minneapolis & St. Louis preferred	4.4	55	8.0
27	Great Northern preferred	9.7	123	7.8
28	Baltimore & Ohio common	8.2	108	7.6
29	Pennsylvania Lines	(c) 9.4	129	7.3
30	Twin City Rapid Transit common	7.3	107	6.8
31	Missouri Pacific	3.8	58	6.5
32	Northern Pacific common	7.5	118	6.3
33	Wisconsin Central common	2.9	48	6.0
34	Illinois Central	7.6	129	5.8
35	Chicago & Northwestern common	(c) 8.2	143	5.7
36	New York, New Haven & Hartford	(h) 8.6	150	5.7
37	New York Central	(c) 5.9	113	5.2
38	New York, Ontario & Western	2.2	43	5.1
39	Chicago, Milwaukee & St. Paul common	(c) (f) 5.1	122	4.2
40	Rock Island Company preferred	3.0	73	4.1
41	Missouri, Kansas & Texas common	1.2	32	3.7
42	St. Louis Southwestern common	(e) 0.9	29	3.1
43	Wabash common	.0	17	.0
44	Duluth, South Shore & Atlantic preferred	.0	22	.0
45	Texas & Pacific	.0	28	.0
46	Minneapolis & St. Louis common	.0	28	.0
47	Rock Island Company common	(e) .0	32	.0
48	Iowa Central preferred	.0	34	.0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit:

1	Erie second preferred	(e) 19.2	32	60.0
2	St. Louis & San Francisco second preferred	(e) 11.0	43	25.5
3	Erie first preferred	10.4	42	24.7
4	South Railroad preferred	9.1	54	16.8
5	St. Louis Southwestern preferred	5.7	71	8.0

(a) Includes 4% divs. on its holding of Alton com. Without these divs., T., St. L. & W. earnings on par equal 0.3%. Probability that Alton div. may be passed. (b) Pref. and com. share equally after com. receives 5%. (c) On increased cap. stock. (d) Includes betterments on subsidiary companies. (e) After deducting pref. divs. (f) Includes earnings Puget Sound Ext. (g) Based on 6 mos. earnings. (h) Figured on $100,000,000 stock—$50,000,000 new stock becomes full paid June 20, 1911. (i) Pref. and com. share equally after com. receives 6%. (j) Pref. and com. share equally after com. receives 7%.

INDICATOR

ARE THE BEST ·PURCHASES NOW

INDUSTRIALS, &c.

BASED ON LATEST OFFICIAL REPORTS

Pos.	Date of Report.		Approximate earnings on par.	Price July 11, 1910.	Earnings on price.
1	Dec. 31, 1909	Pressed Steel Car common..................	7.7	32	24.1
2	Mar. 31, 1910	American Beet Sugar common.............	7.3	31	23.5
3	Mar. 31, 1910	United States Rubber common............	7.8	37	21.1
4	July 31, 1909	American Linseed preferred..............	5.8	29	20.0
5	Dec. 31, 1909	Central Leather common..................	6.3	33	19.1
6	Dec. 31, 1909	American Woolen common.................	5.2	28	18.6
7	June 30, 1909	American Agricultural Chemical common..	7.5	41	18.3
8	May 31, 1910	Virginia-Carolina Chemical common.......	10.8	60	18.0
9	Dec. 31, 1909	Railway Steel Spring common............	5.3	34	15.6
10	Nov. 30, 1909	National Enameling & Stamping common..	(d) 2.3	16	14.4
11	Mar. 31, 1909	United States Steel common..............	(a) (g) 10.1	71	14.2
12	Dec. 31, 1909	International Harvester common..........	13.0	94	13.8
13	Apr. 30, 1910	United States Realty & Improvement......	9.7	71	13.7
14	Apr. 30, 1910	American Car and Foundry common.......	6.6	50	13.2
15	Jan. 31, 1910	Union Bag & Paper preferred............	(c) 6.4	57	11.2
16	Dec. 31, 1909	General Electric	15.0	141	10.6
17		Pacific Coast common......................	(b) (e) 10.7	104	10.3
18	Nov. 30, 1909	Sloss-Sheffield common	6.6	65	10.2
19	Dec. 31, 1909	Bethlehem Steel preferred................	5.3	53	10.0
20	Dec. 31, 1909	American Can preferred.................	6.7	69	9.7
21	Oct. 31, 1909	American Smelting & Refining common....	(d) 6.6	68	9.7
22	Apr. 30, 1910	American Steel Foundries................	5.0	53	9.4
23	June 30, 1910	Western Union	5.7	62	9.2
24	Dec. 31, 1909	National Lead common....................	6.2	69	9.0
25	Dec. 31, 1909	North American	5.9	68	8.7
26	Dec. 31, 1909	People's Gas Light & Coke................	8.9	106	8.4
27	Dec. 31, 1909	Republic Iron & Steel common............	(d) 2.5	30	8.3
38	Dec. 31, 1909	Distillers Securities	2.3	28	8.2
29	Mar. 31, 1910	American Telephone & Telegraph.........	(a) 10.5	133	7.9
30	Dec. 31, 1909	Tennessee Copper (par $25).............	6.8	$22	7.7
31	May 31, 1910	United States Cast Iron Pipe preferred....	4.4	59	7.5
32	Jan. 31, 1910	National Biscuit common.................	7.7	104	7.4
33	Feb. 28, 1910	Corn Products preferred.................	(c) 5.4	74	7.3
34	Apr. 30, 1910	Amalgamated Copper	3.9	57	6.9
35	Mar. 31, 1910	International Steam Pump common........	2.8	44	6.4
36	June 30, 1909	International Paper preferred............	2.7	50	5.4
37	Feb. 1, 1910	Mackay common	4.3	85	5.1
38	Dec. 31, 1909	Consolidated Gas	6.7	133	5.0
39	June 30, 1909	American Locomotive preferred...........	4.0	107	3.7
40	Dec. 31, 1909	New York Air Brake.....................	2.7	72	3.6
41	Dec. 31, 1909	Utah Copper (par $10)..................	(f) 14.4	$42	3.4
42	Dec. 31, 1909	American Sugar Refining common.........	3.9	119	3.3
43	Mar. 31, 1910	Pittsburg Coal preferred..................	(a) (c) 2.2	66	3.3
44	June 30, 1909	Allis-Chalmers preferred	0.8	30	2.7
45	Jan. 31, 1910	Union Bag & Paper common..............	.0	7	.0
46	Dec. 31, 1909	American Can common....................	.0	8	.0
47	June 30, 1909	International Paper common..............	.0	10	.0
48	July 31, 1909	American Linseed common................	.0	13	.0
49	Feb. 28, 1910	Corn Products common...................	.0	14	.0
50	May 31, 1910	United States Cast Iron Pipe common.....	.0	16	.0
51	Dec. 31, 1909	Bethlehem Steel common	.0	24	.0
52	June 30, 1909	American Locomotive common............	.0	40	.0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit:

1	June 30, 1909	American Hide & Leather preferred......	(c) 10.8	31	34.8
2	Aug. 31, 1909	American Malt Corporation preferred.....	(c) 6.2	30	20.7

(a) Based on quarterly earnings. (b) Based on current earnings. (c) Divs. in arrears. (d) Based on 6 mos. earnings. (e) 2nd pref. and com. share equally after com. receives 4%. (f) On increased capital stock. (g) Exclusive of $5,000,000 appropriated for the quarter to cover new construction, etc. If this were included, earnings on par would be 14.1%.

The Man and the Method

By CLINTON F. HALL

THE trader or the investor who endeavors to operate without a clearly defined plan, is like the general of an army who, without attempting to locate the enemy, marches into the country and instructs his soldiers to lacerate, with their bullets, the nearest clump of woods.

The majority of traders in Wall Street are knocking around without the faintest conception of *how* they are trying to make money; and they stand just about as much chance of doing so as the aforesaid general does of defeating the enemy.

You must have a definite method; not necessarily a system but a plan of operation which is so positive that you could sit down and explain it to a friend just as you would the multiplication table. It should be simple enough to be explained, for the more complicated your method, the greater the chances for defeat.

The method may be nothing more than a mere resolution to save all your money for a panic, buy all you can pay for at that time and take it away. But if you decide to follow this method, or whatever other one you adopt, stick at it; don't let anybody drag you away from it unless they furnish good and sufficient evidence that their plan is a better one.

A very expert trader once said to me, "I make money in the stock market, and I do it because I have a well laid and thoroughly tested plan which governs my trading. Whenever I depart from this plan I lose money, but if any one came along and proved to me that he had something better, something which would show better results under the same conditions, I should throw aside my own and use his as soon as I became fully convinced of its value. I scrutinize every new idea or suggestion which I get hold of, and while the method in itself may be useless to me, I frequently glean one valuable idea which will either strengthen my own plan or give me the nucleus of an entirely new one."

The most successful investors are those who understand the business of investment in its smallest details, for investment is also a business in itself. The professional investor gets the greatest possible interest return from its capital and he shifts his investments so as to get the benefit of high and low prices for the class of securities in which he deals.

But it takes more than mere method to win out in Wall Street. Behind the method there must be the man who can follow it.

Scores of people can show you on paper how they can do this or that in the various markets, but let them prove it to you by real transactions actually made.

It is an easy matter to figure out methods of making money, but paper made plans take no account of the nerve, patience and persistence required to operate them. They also fail to make allowance for the factors of fear and anxiety; hence we might say that the man behind the method is of more importance than the method itself.

An automobile is nothing more than a mass of steel and wood worked up into a form which, properly handled, will annihilate distance. An automobile is absolutely without brains of its own; so is a "paper method" of dealing with securities. Brains form the most important part of the whole proposition. No matter how good your method or how great the number of dollars it will produce on paper, it will not pan out unless it is run by a man with brains and sticktoitiveness.

Stock Market vs. Business

This Correspondent Thinks Stock Trading is not as Much of a Gamble as Starting a New Business Enterprise.

EDITOR OF THE TICKER:

People talk about stock speculation as though it were something to be avoided, but they go into other lines of business and gamble all sorts of money on propositions which are a hundred times more speculative than buying and selling stocks.

A certain individual of my acquaintance went into a commercial enterprise without the slightest knowledge of the business. To use a slang expression, "He did not know enough to chew hay" in that particular calling. He just butted in and sloshed around with the idea that after he had been in it for a while and blown in a bunch of money the business itself would show him how to proceed; in other words he figured that he might learn the business by doing it.

The new enterprise had been running about six weeks and the amount on the debit side of the ledger was beginning to run into a few thousand dollars, when along came a guy with a brand new scheme for booming the business. After considering the matter for some two hours, the head of the house committed himself on paper for a purchase involving $3,000 and an additional liability of $1,800 more; the latter amount to be spent before he could get one cent profit out of the $3,000 investment.

As East Side Maggie would say, The scheme "looked grand" on pape, and it did work all right for a while, but when the total damage of that particular bit of enterprise was figured up, it was estimated that it had cost as follows: Three thousand dollars in the original investment; $1,800 to make the original investment pay; $1,500 loss in another branch of the business because of said original investment; about $200 for law suits; $300 worth of lost time on account of law suits; total, $6,800.

The benefits which came from the investment might have been found with a microscope, but it would have required an extra powerful one. If the same amount of money had been put into the stock market at that particular time it would have paid in certain instances 300 or 400 per cent., because the venture began in the panic of 1907, when they were just throwing stocks away down in Wall Street.

I never could understand why more people do not make speculation a profession. Probably it is because they do not get far enough into the subject to learn its advantages over the humdrum monotony of commercial business, with its long hours, its mountains of detail; with its hiring and firing of clerks, quarreling with landlords, customers, salesmen, printers, etc., with thousands of avenues for losses to occur and a million other things which go to make the ordinary business man's life a burden.

Stock speculation can be made just as much of a science as the clothing business, the dry goods business, the railroad business, or any other. Of course, you have your worries and tight places, the necessity for financing and all that, but they are confined to very few channels and are much easier overcome because of their being concentrated under a few heads.

The speculator can always figure up to the minute and know just how he stands. The majority of business men do not know where they stand from one January to the next. As many a business man has remarked, "I would like to clean up just for once and see how many dollars I have left." Cleaning up with a business man means inventory, appraisal, an endless amount of detail,

The speculator can close out every-

thing he owns in five minutes and the next day get a check for his credit balance. He can put this check in his bank and have his bank book balanced, and he will know where he is at to the cent. If he is speculating on margin, it is largely a matter of self training, after the rules of the game have been mastered; if he takes an investment position and buys in panics he should make 25 to 33 1-3 per cent. a year on his capital. How many business men are showing this percentage to-day?

VERITAS.

A Remarkable "July Special"

Specimen of a Kind of Literature Now Almost Extinct.

STRANGE literature goes out of the Wall Street district sometimes. Ten years ago all sorts of "syndicates," "discretionary accounts" and sure things generally flourished and waxed fat, but for some years past such circulars have dwindled. Recently, however, an amusing letter was referred to us by a subscriber, and we reproduce it, with our reply to the subscriber:

JULY SPECIAL.

We are now verging on the point of some very sensational movements in the stock market. Fluctuations will be wide and rapid, with quick profits on both sides.

I would advise you not to miss the present opportunity, if you are interested in the market and wish to make a profitable investment.

I am now receiving orders for the July Special which will be operated in Reading and Union Pacific under my system of double trading.

It is well to remember, there are always two sides to all markets, and unless one can operate on both sides, will never make a fortune in speculations. I claim that my plan of operating on both sides of the market at the same time proves to be the most profitable, as it makes no difference whether stocks advance or decline, there is always a profit from one side or the other.

The June Special, which was in Wabash Preferred, shows a profit of over 9 points. The first turn was 5 points on the short side, and now 4 points on the long, making a profit of $90 on a 10 share trade.

The July Special will show considerable more, as the Special is on more active stocks. If you wish to make a profitable turn, don't miss the July Special. I would be pleased to receive your order by return mail.

All transactions made under the double trading system are protected and there are no calls for remargins. Orders received from 10 shares up. Price $30 and up.

OUR LETTER.

Having no information in regard to Mr. ——, the writer called on him. He states that he handles several accounts for other people on a basis of 10 per cent. of the profits. He also gets a "rake-off" of 1-16 from his broker on all orders executed for such clients.

He was unable to explain to our satisfaction how he could handle 10 shares on $30 margin "so that all transactions made under the double trading system are protected and there are no calls for remargins." We were not favorably impressed by his explanations. He stated that he had sent out only 200 of these circulars and that he had received no return from them, and that he did not intend to send out any more. We stated to him that we had some doubts as to whether the Post Office authorities would look favorably upon this circular if it happened to fall into their hands. He did not make any statement in regard to the results obtained with the discretionary accounts which he has handled.

The Book of Daniel Drew

A Curious Record of his Remarkable Career

THIS is one of the most interesting books* that has come to our attention for a long time. A diary of Daniel Drew was discovered in February, 1905, in an old trunk which was shipped down from Putnam County to a grandniece of the financier from the Drew Estate in Carmel. This manuscript was edited by Bouck White, Head Resident of the Trinity social settlement, in New York City. It is evident that the editor has used Drew's memoranda merely as a basis on which to build the story, but he has retained the personal form of narrative, and has incorporated in the book many of Drew's quaint and forcible maxims.

Daniel Drew was born in 1797, on a rough farm near Carmel Lake, N. Y., and had but little schooling. He enlisted in the War of 1812 to secure the bounty of $100, but did not see service outside the camp of instructions in New Jersey.

The circus business had its origin in Putnam County, and Drew joined one of these traveling shows. He next took up the drover's business, and some of the most interesting chapters in the book are devoted to his description of how he brought droves of cattle to New York, first from Putnam County, later from the Mohawk Valley, and still later from Ohio, Kentucky and Indiana.

In order to make the cattle look fat, as well as to increase their weight, he salted them the night before reaching New York City, and then kept them without water until he was ready to sell them. Each animal would then drink some 50 lbs. of water, and Drew was careful to sell by weight. This is the origin of the term "watered stock," which has since become familiar in financial literature.

Afterward he became proprietor of the Bull's Head Inn, later a large owner of steamboats on the Hudson River, and still later one of the manipulators of Erie in the famous deals which took place in the stock of that road. His experiences with Jay Gould, Jim Fiske, Commodore Vanderbilt, the Tweed Ring, etc., illustrate the old saying that the truth is stranger than fiction. We quote a few extracts from the book:

"Better a hen to-morrow than an egg to-day. Small savings, if you keep them up long enough, mean big savings by and by. If a fellow is going to be rich, he must get money working for him early in life."

"Investors are skittish folk. It's the business of Wall Street to catch the slightest hints and act upon them; which makes it the easiest place in the world to get rumors going. Accordingly, when these hints were dropped by one like myself, who was known to be on the inside of the company's councils, investors took them at once for valuable points as to the state of Erie's affairs. A rumor, particularly if it comes from some source on the inside, only needs to be started. It spreads then of itself and keeps getting bigger."

"It is always an advantage in Wall Street operations to be on the inside of a railroad or a big industrial firm. You know, then, the monthly earnings before they are given out to the public. You get earliest notice of any unfavorable or favorable happening. You have access to the transfer books, and know where all the circulating stock is. Any dangers that have arisen to the road's property, or any new connection favorable to the road's earning capacity, is known to you long before the inside investors have got the tip. So that you can go into the Stock Exchange and speculate in those shares with your eyes open, whilst the rest of the speculators are going it blind. An insider's position is as good as money in the chest."

"Through some kink or other in human nature, the ordinary run of people are bullish and hopeful towards a stock when it's high. The stock has gone up so finely, they suppose it's going to keep on going up, and you usually find them ready buyers for your short sales."

"You never can tell when you are going to make a lucky hit. Give up, and just then you might have been on the eve of a turn in your luck that would have brought you back all the money that you had lost, and a lot more besides."

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*The book of Daniel Drew; 424 pp., $1.60 postpaid. Doubleday, Page & Co., New York. For sale by Ticker Publishing Co.

The Investment Digest

FOLLOWING is a list of publications, etc., from which this Digest is prepared. Where the name of a banking or brokerage house is given, the matter is taken from their special letter or circular: New York: *Bond Buyer; Financial News; Wall St. Journal; Wall St. Summary; Moody's Magazine; Moody's Manual; Commercial & Fin. Chronicle; Financial Age; Financial World; Railroad Age Gazette; U. S. Investor; Commercial; Brooklyn Eagle; Leslie's Weekly; Evening Mail; Evening Post; Herald; Journal of Commerce; Sun; Times; Tribune.* Boston: *News Bureau; Commercial; Financial News; Transcript; Herald; Post.* Chicago: *Record-Herald; Tribune.* Philadelphia: *Financial Bulletin; Railway World; North American.* Pittsburgh *Dispatch;* Washington *Post;* Louisville *Courier-Journal;* New Orleans *Times-Democrat;* Baltimore *Sun;* St. Louis *Post-Dispatch;* Cincinnati *Commercial Tribune;* Cleveland *Commercial Bulletin;* Memphis *Commercial Appeal;* Kansas City: *Star; Journal.* Dallas *News;* Houston *Post;* Seattle *Times;* Toronto *Globe;* Montreal *Star;* Minneapolis *Commercial West;* Birmingham *Age-Herald;* San Francisco *Journal of Commerce;* Denver *Post;* Atlanta *Constitution;* London *Statist.* Market Letters: Hayden, Stone & Co.; Clement B. Asbury; John Moody; Thos. Gibson; Trippe & Co.; Thompson, Towle & Co.; Henry Clews & Co.; Swartwout & Appenzellar; J. S. Bache & Co.; Spencer Trask & Co.; W. C. Langley & Co.; Wrenn Bros. & Co.; Robert Goodbody & Co.; Kissell, Kinnicutt & Co.; Alfred Mestre & Co.; J. Frank Howell; Brown Bros. & Co.; Warren, Gzowski & Co., etc., etc. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy.

Allis-Chalmers.—Co. concl. fisc. yr. last of June and indic. are that both gross sales and net prof. will run consid. ahead of 1909 year, when prof. from oper. of $1,809,009 were shown and bal. after chges.. depre. and sinking funds of but $135,432. Business contin. to incr. since fisc. yr. began, July 1, 1909. Mo. vol. of orders booked has exc. corres. mo. for three prev. yrs. Bookings ran at rate of $25,000,000 per an. In 1909, Al.-C. took orders for 165,000 horsepower of steam turbines and this total will certainly be exc. in 1910. One feature of sales for past 11 mo. has been small orders calling for early deliv. For this reason co. has been able to realize rapid incr. in output and works have been able to show a contin. oper. that was not possible last yr. The number of workmen on pay-rolls is largest in co.'s history. The first mtge bonds, of which 13,000,000 is outst., has sec. back of it est. at $21,000,000 and cur. assets over cur. liab. $8,715,640, dropped rec. to 75, at which price it nets inv. over 7%. It has supplied all the immense mach. for Gary plant on which job it ought to have earned enough to pay all back div. on its pfd. stk. Notwithst. fat orders, co. has failed to show more than very moderate profit. Possibly a managm't. not so subserv. to the Steel Trust could make a more prosp corp. out of Allis-Chal.

Am. Agri. Chemical.—Attempt of Am. fertilizer cos. to secure the partial enforcement of contracts sec. last summer is still in nego. That the contract is worth fighting for may be seen from fact that its full appli. would save to fertilizer cos. some $17,000,000 during the seven yrs. of its exist. Of this amt. $6,000,000, or at rate of close to $900,000 per an., would be sh. of Am. Agri. Chem. The fiscal yr. ends June 30. Exact results at this date is out of the ques., but it is known that gross sales have been largest for any 12 mos. since co. began business. Prices have been well maintained. During yr. co. has spent fully $1,000,000 in plant add. and bettermts. incl. in which is a new $300,000 sulph. acid plant at Carteret, N. J. After consid. Am. state departmt's pro. against German potash synd. law, the Bund. has auth. nego. of an agreemt. with U. S. on basis of recog. Am. contracts up to 1912, but not options extend. cont. to 1917.

Am. Car & Foundry.—Net manuf. profits of $5,725,098 past yr. were $1,983,123 or 53% greater than 1909, but were $5,389,989 or 48% below high water mark touched in 1908. Thro. thick and thin Am. Car & F. has preserved its work. cap. intact. Bal. of net quick assets at end of late yr. was $17,068,155, which comp. with $16,642,037 in 1909, an incr. of slightly less than $500,000 or about 3%. Equal to a bal. of $56.80 per sh. of pfd., the largest bal. of quick assets in co.'s history. In all ord. yrs. this bulk of liquid. assets has been ample to keep co. out of the money market.

Am. Locomotive.—Fisc. yr. ends June 30. While returns are incompl., it is stated by high auth. that report will show 7% pfd. div. comfort. earned. This will be much better than prev. yr., when only about 4% was earned on the pfd., co. making up bal. out of prev. surp. in order to pay div. Just what bal. will be left for com. cannot be told at present, but is est. that 2% will cover it. At any rate, it will not be suffi. to warrant resump. of com. div. this yr.

Am. Smelting & Ref.—Earn. are running consid. in exc. of div. req., but co. has suffered falling off in business. Four of the seven smelters in Col. are in oper. Mining condi. are not encouraging, shipmts. of ore having avged. below $8 a ton. Denver & Rio

G. recently made red. in freight rates to help out miners.

Am. Sugar Ref.—We contin. to rec. assurances from high sources that stkholders need have no appre. as to future earn. power of co., even in face of Gov. opposi., and stkholders will rec. greater consid. in future than ever in past, and whereas co. may have been managed more in int. of Havemeyer family than other stkholders, the reverse now applies. The first step in support of this will be an incr. in com. stk. div. from 7% to 8%.

Am. Tel. & Tel.—Earn. for entire sys. were larger by 11½% than for April, 1909. For four mos. end. April 30, gross earn., as comp. with corres. quar. of 1909, showed incr. equal to 11.9%, and net earn. incr. 13.7%. After chging. off $17,246,893 for maint. and depre., bal. of net for quar. amted. to $16,407,258, an incr. of $1,290,685, equal to 8½%. The parent co. during cur. yr. will earn by a larger margin than ever before the 8% div. paid. In March of this yr. auth. capital stk. of parent co. was incr. from $300,000,000 to $500,000,000, altho. none of new stk. has yet been issued and will prob. not be this yr. Co. has offered to exch. its shs. for stk. of Neb. Tel. Co. on basis of three of Am. for each four of Neb. Stk. for exch. must be deliv. in N. Y. on or before July 15. Fractional shs. will be paid for at rate of $105 for Neb. Tel. stk. Movemt. is on foot among small stkholders of Am. Dist. Tel. Co. of N. J. to compel distrib., in form of incr. div., of $2,000,000 surp. It is said that West. Union has been buying this stk. late, to secure maj. to vote against incr. div.

Am. Woolen.—In decl. 45th consec. quar. div. on pfd. stk. calls atten. to record made since formation. Div. to pfd. have now reached $20,300,000. Amt. exceeds total pfd. issue at time or org. On small profit-margin, actual net earn. have grown from $2,839,000 in 1900 to $5,798,000 dur. 1909. Co. incr. sales from $29,673,000 in 1900 to $51,400,000 in 1906, and, up to close of past fisc. yr., had business of $424,536,000. Physical con. of plants is better than ever before, surp. fund of $10,514,000 has been built up, and wages of empl. raised 25% without interval of red. Unrest and agitation regarding wool tariff revision has precip. fall in prices. Loss to wool growers in 1910 clip is est. in May at $15,000,000, but at this date has reached $20,000,000. Harm resulting from tariff agita. has thrown business into confusion and disorder. Nobody knows what to expect; unreasoning fright has taken hold of commu., who will buy no goods, mills close, and price of wool falls to free-trade level. However, it is underst. that directors have no thought other than maint. the 7% pfd. div., no matter what the course of earn. may be. By late fall or first of next yr., leaders in trade expect to see a sharp demand and stiffening in prices.

Anaconda.—Washoe Co. has disch. demand and prom. notes amting. to $8,036,291, held by Amal. This incl. loan of $7,200,000 to Washoe, pro. being used in const. In shs. of Ana. stk. were listed. Washoe in settlemt. of oblig. to Amal. turned over to latter co. 160,000 shs. of Ana. When Washoe co. is dissolved, Amal. will secure bal. of Washoe stk. Ana., as part of merger, will disch. all outst. indebt. of resp. cos. Trans. bet. cos. pur., whether they show debit or exch. for prop. and assets of Washoe, 380,000 credit, eliminate themselves. John D. Ryan, pres. of Amal., states that Ana., taking over business and assets of various cos., will have in treas. approx. $25,000,000 cash and quick assets in excess of cur. liab. Now that actual trans. of Butte prop. has been made to Ana., latter co. has issued $4,220,000 shs. out of its total auth. capital of 6,000,000 shs. Work. cap. rep. close to 25% of par val. of co.'s stk. Amal. shows "surp." of $15,481,254, but its cash and cash assets stand at $3,079,913. It also carries as an asset loan of $7,200,000 to Washoe for smelter const., but this was in reality a loan to itself as it owns all stk. of Washoe.

Associated Oil.—This Co., which is controlled by So. Pacific, has bought Pioneer Midway prop. for $3,000,000, half cash and half notes. One of the richest in Midway field. Pioneer Mid. well No. 2, which came in as a gusher a short time ago, broke loose again and flowed 30,000 barrels a day, a column of oil shooting 150 feet over top of 85-foot derrick. This well was drilled into oil sand April 3 and flowed for short time with great violence. It finally was brought under control, but May 17 broke loose, flowing contin. for four days and six hours, during which it prod. 20,000 barrels. It is underst. the co. is nego. for pur. of another val. piece of prop. in same field.

Atchison.—If community is concerned over rate of div. to be decl. it needs to be reminded, first that road will have earned in fisc. yr. over 8% on $164,000,000 stk.; second, that an underw. synd. has not far from $40,000,000 conv. bonds on its hands. Nothing is more natural than that managers of synd. looked into question of divs. carefully before underw. issue. Present est. puts bal. of net earn. after taxes at $30,545,000, comp. with corres. bal. of $33,755,000 last yr. To this bal. it is safe to add $1,000,000 as inc. from investmts. Fixed chges. will approx. $12,500,000, or $1,000,000 less than in 1909. Allowing for pfd. divs., bal. for com. would exceed $13,000,000. Pres. Ripley says: "We had pro., for next two yrs., an expend. of about $50,000,000. Oper. have been discontin. on half of this work and no new pieces will be started. We will contin. sections so far along that it would cost more to stop than to finish. Our reason for retrench. is in gen. con., prin. due to interstate law amendmt. and rate question. We will wait to see how new R. R. bill works, especially its drastic clauses, and long and short haul practice. Our wage incr. totaled $2,500,000, whereas most we could expect from rate adv. would not exceed $1,000,000. We are listed in all states on local business, besides having to conform to interst. laws. State restrict. rep. an old condition that contin. despite new position respect. exp." Action of

directors on com. stk. div. was unan. From same source it is learned that prelim. fig. for **yr. end. June 30 indic.** that earn. appl. to divs. on com. stk. will be equiv. to 8¼ to 8½%.

Atlantic Coast Line.—Co. is earn. about 17% this yr., as comp. with 9.4% last yr. Its int. in undistrib. earn. of L. & N. stk. will be **about $2,700,000,** or 4.5% add. on its own stk. Last Aug., when cur. earn. were about one-half of pres. earn., stk. sold at 143½.

Baltimore & Ohio.—Pres. says: June **earn. are like May and pre. mos.,** large incr. **in gross, but small** incr. in net. Expend. incl. no waste. Road needs all the ties, rails and ballast it is getting in order to handle large vol. of business. We had under consid. pur. **of addi. equipmt.** We've got 3,000 to 4,000 cars and 100 engines still due on orders placed mos. ago. These added to 6,000 new cars recd. past eight mos. will be suffi. for movemt. of traffic offered us this yr., and road otherwise **in cond. for it.** Earn. avail. for divs. for fisc. yr. end. June 30 were suffi. to meet usual 4% pfd. paymts. and leave bal. for com. stk. equal to 7¾% on $152,206,800 outst., as comp. with approx. 6½% in prev. year. B. & O. **owns $10,000,000, or 14%,** of Reading's $70,000,000 com. stk. These holdings can be incr. **to $17,000,000** thro. conv. of $14,000,000 **second pfd., half into com. and half into first** pfd. Thus B. & O. ownership of $17,000,000 would be 18½%.

Brooklyn Rap. Transit.—Co. will end cur. **fisc. yr. with about 8%** on its stk. Co. has been on 4% basis this yr., but will pay 5% **beging. with first of July.** There will be no import. chge. against surp. other than div., and will carry forward to prof. and loss surp. at least $1,750,000. Dec. 31 accum. surp. for **div. of $1,600,000.** To show 8% co. will have to earn $400,000 more in second half of yr. There has been contin. imp. in travel since early part of 1909. June of last yr. was a big mo. Last Sunday in June brought biggest receipts of any day in road's history, with $1,650,000 paid fares. Fisc. yr. ends June 30 and gain in gross pass. receipts for 12 mos. **will run bet. $1,400,000** and $1,425,000, which comp. with gain in all of 1909 yr. of but $128,529. Net prof. for $45,000,000 stk. expect. to exc. the 7% mark, which comp. with frac. over 4% for 1909 fisc. 12 mos. The Brooklyn City R. R. has cut its div. to 2% quar. from rate of 2½%, which has been decl. for yrs. In cir. sent to stkholders, it is expl. that pending decision of appeal from judgmt. against it obt. by Brooklyn Heights R. R., directors deem it wise to decl. an. rate of 8% instead of 10%. In case the Brooklyn City Co. wins appeal, the 10% rate will be restored.

Brooklyn Union Gas.—Pub. Ser. Com. **gives detailed assets and liab.** of the co. **which discl. a much better fin. con.** on Dec. 31 last than public had been led to suppose. **Co. pub.** no an. report, but based on earlier earn. the surp. Dec. 31, 1909, was a trifle more than $4,000,000. Actual fig. show that surp. at beginning of this cal. yr. was $4,967,461. In add. $2,259,980 has been devoted to **renewal and contingency acct. and $1,160,197** to amortization. Recent rumors that co. is about to decl. 10% div., while untrue, at least for the present, have this basis of fact that co. is in position to decl. cash div. of fully 10%. The diff. bet. floating assets and liab. showed work. capital more than $3,500,000, while actual cash on hand Dec. 31, last was $2,280,836.

Canadian Pacific.—In con. with pub. accts. of sale of 76,300 acres of land in Alberta, we are inf. by director that co.'s land sales are "phen." Sales for May were $1,000,000 more than in corres. mo. a yr. ago. **Total sales** for entire 1909 fisc. yr. were $5,085,000. In 1908, when poor business con. halted im., sales were $1,569,000, but in 1907 aggre. $5,887,000 and in 1906 $6,513,000. It is opin. of this director, who says that while no decision has been reached among members of board, the "melon" will come from prof. of road's land dep. Earn. avail. for div. for fisc. yr. end. June 30 were $25,600,000, or $10,600,000 in exc. of yr. prev. Allowing this is approx. correct, bal. avail. for divs. was suffi. to meet reg. 4% on pfd. and at same time leave bal. avail. for com. stk. equal to 15½% on $150,000,000 outst. This comp. with trifle more than 8½% earned on same amt. of stk. last yr. The "ready-made farms" have proved a great success. The agent of the road who conducts to their new homes parties of immi., says that these new settlers are delighted with treatment. On the 80-acre farms co. had sown 50 acres of wheat before immi. arrived, and had also started potatoes and other vegetables. Where co. thus prepares farms, it also builds churches and school houses. Next year it is proposed to have a hundred farms—800 acres—pre. for settlers. The irrigation works now being carried out will cost $12,000,000. Lands already irrigated have been fully occupied.

Central of N. J.—Co. decl. extra div. of 2% and reg. quar. div. of 2%. The extra div. is payable out of earn. of Lehigh & Wilkes. Coal Co. Nov., 1909, a special div. of 2% was decl., the first change from reg. rate of 8% per an. since stk. was placed on that basis in 1902. J. C's. extra div. of 2%, with reg. quar. div. of 2%, will incr. Reading's inc. about $290,000, making an inc. from that co's stk. $1,450,400. (See Reading.)

Chesapeake & Ohio.—Now that inj. restraing. Hock. Val. from ret. $15,000,000 pfd. stk. has been dissolv., only one or two minor points remain in way of ret. and ult., of incr. in div. rate on $11,000,000 com., more than $7,000,000 of which is owned by Ches. Last yr. C. & O. rep. one of lowest ratios of conductg. transp. and traff. exp. to gross—27.5%—of any RR. in country. For ten mo. of 1909, however, ratio was 29.6%—low mark of 1909 was made by usually econ. oper. during final two mos. Gannon and Remington, of N. Y., directly rep. C. & O. int., pur. the Chgo., Cin. & Louisville RR. at forecl. sale for $5,200,000. (See Edwin Hawley's policy, special article.)

Chgo. & Alton.—Edwin Hawley discus. Alton div. outlook, said. "I cannot make any **def. statemt.** as to outcome of next div. meet-

ing, but do not place too much stk. in rumors that div. will be cut or passed. I want it underst. that Alton is able to contin. its pres. rate. Reading bet. lines and taking into consid. Mr. Hawley's well known policy of paying divs. when such paymts. are poss., it would not be sur. if Directors contin. pres. 4% rate and decl. div. payable out or surp. An added incent. for this action may be found in fact that Tol., St. Louis & West., another Hawley road, derives $576,800 an. from the div. on $14,420,000 on Alton stk. which it has in its treas. In 1910 fisc. yr. the Toledo, earned div. with but $540,000 to spare. It can be seen that if it should no longer derive an inc. from its Alton stk., its own div. will be in doubt. (See Edwin Hawley's policy, special article.)

Chgo., Burl. & Quincy.—In com. with other Western RR. systems, B. & Q. is experiencing extraord. incr. in exp. Altho. gross in 10 mos. to April 30 incr. $7,905,276, or 11%, a jump in exp. of $7,846,740 has resulted in net gain of but $58,000. How much "fat" has accum. in Bur's sys. by reason of its great main. is a mystery. A few facts prove that it must be enormous. Since 1901, Burl. has been devel. to a state of efficiency unsurp. by any other great system in this country. Where the equity that has accum. will go, there is little ques. Mr. Hill as a melon-cutter is too well known to leave doubt. Road will be in shape some day for Gr. Nor. and Nor. Pac. stkholders, and when it is, Mr. Hill may be depend. upon to live up to his reputa. for generosity. Subst. extra divs. might be paid an. on G. N. and N. P. from Burl. surp. It is the soundest and biggest melon Mr. Hill has ever raised. In 8 yrs. aggre. surp. in round fig. has been $100,000,000, of which $70,000,000 has been paid in divs., leaving $30,000,000. Thus a total of bet. $64,000,000 and $65,000,000 has been avail. for internal imp.

Chgo., Cin. & Louisville.—C., C. & L. was sold at forcl., purchasers representing Ches. & Ohio. The price paid was $5,200,000, the upset price. (See C. & O.)

Chgo., Great Western.—Since reorg. Co. has made a wonderful showing in earn. cap. For eight mos. surp. of $367,121 after chges. compares with def. of $1,131,360 last yr. At this rate, G. W. should earn in first year 4% on new pfd. stk. Divs. at rate of 4% begin to accrue on this issue four yrs. hence. The man who is buying low priced stks. around present level to hold for long pull should have a few shs. of G. W.

Chgo., Mi. & St. Paul.—Decl. reg. semian. div. of 3½% a full mo. before reg. time for meeting. As rumors of red. have been cir. in Wall St. for some time, despite pos. statemts. to con. by Directors of Co. Statemt. of earn. for May was more fav. than expected, as regards net. St. P. is in much stronger pos. than many Wall St. int. believe, and is almost a certainty that Co. earned full div. of 7% on both pfd. and com. stks. for 1910 fisc. yr., end. June 30th, last. Acc. to reliable inf., there was a small sur. over and above all chges., divs., etc. St. P. is not skinning maint. dis. to effect better showing as net. Good earn. during June and July will be rep. on acct. of heavy movemt. of wool and corn to Chgo.

Cin., Ham. & Dayton.—From listing of $9,500,000 first and ref. fours it may be inferred that a satis. distrib. of $12,500,000 rec. offered to the public has been accomp. Oct., 1909, Kuhn, Loeb & Co. and Speyer & Co. bought this $12,500,000, but did not offer them until March of this yr. Offered also abroad, where a consid. amt. was sold. The mtg. under which bonds are issued covers all lines of railway, leasehold rights, stocks of subsid. co. and all prop. to be acq. by pro. of bonds, embracing at pres. more than 975 miles. Of entire amt. to be issued $12,500,000 are uncond. guar. by Balt. & Ohio.

Colorado & Southern.—This fisc. yr. Co. is making biggest incr. in earn. ever in single yr. It will earn fully 8% for com. stk., as comp. with 5% in yr. end. June 30, 1909. The dep. of 1908 hardly affected road's earn. at all. In view of large earn. power, and that Burl. is carrying control. int. at a loss as long as div. is only 2%, there would appear to be the best of expect. for an adv. in div. rate.

Consolidated Gas.—Statist. Weber of pub. service comm. reports, as of Dec. 31 last, assets of Co. totaled $142,435,461, and N. Y. Edison, which Consol. cont., $135,290,142. Practically all cap. stk. of N. Y. Edison, amting. to $48,080,671, is owned by Consol., but is held on books of latter co. only at some $18,000,000. This last sum forms part of free investmts.—that is, not mtged. or pledged—of the Consol., which amt. altogether to $54,215,024. Edison had a larger amt. of cash on hand than any other co. in system, $3,281,908, while Consol. had only $1,856,878. Next as to cash Standard Gas Light, with $1,496,089, altho. assets were only $14,256,785, next N. Y. Mutual Gas, with cash $1,032,720 and assets of $5,830,442.

Copper Metal.—Expectations are that a sale will shortly be consum. of approx. 100,000,000 lbs. of copper at about 13c. Such a sale would have a decidedly stim. effect upon the metal, and copper stks. With copper at 12½ cents there are but 16 copper mining cos. in div. ranks out of fifty active prod. These 16 cos. are disb. divs. at present time at rate of $32,000,000 per an. Of this, however, seven cos. contrib. $27,000,000 Anaconda the leader with disb. at rate of $8,400,000; Utah, $4,600,000; Phelps-Dodge, $4,500,000; Nevada Consol, $3,000,000; Cal. & Hecla, $2,800,000; U. S. Smeltg. $2,400,000, and Copper Range, $1,536,000. These seven cos. are contrib. about 750,000,000 lbs. of copper per an. With 15 cent copper bet. 25 and 30 cos. are normally in div. ranks and total disb. would double present div. We have had our attention called to the great incr. in consump. of copper in manuf. of copper sulphate. It is largely used for destruct. of scale and insects in orchards of the world. More exten. abroad than in this country, partic. in France, in the vineyard, and claimed that bulk of Rio Tinto prod. is used for this

purpose. Leading copper statist. compiled fig. upon this subj. some yrs. ago, and fig. then gave 12% of world's prod. consumed in copper sulphate, but is claimed that during the growth in copper consump. this has incr. also and it is fig. that 200,000,000 lbs. of copper per an. is a conserv. est. of the consump. at present time, and the val. of this consump. to the prod. is apparent for once used is forever lost. The copper metal sit. to-day is a contest. The sit. is being watched by the leading fin. int. of the world not far from the cor. of Wall and Broad Sts., and at proper time something will be done to place the copper ind. upon a safe and sane basis.

Crucible Steel.—The Co. has decl. on its pfd. stk. reg. quar. div. of 1¾%, a further div. of ⅝% in cash, and a scrip div. of 10%, payable to holders of record of June 21. Thro. decl. of these extra paymts., which are on acct. of overdue divs., there remains 16% still to be taken care of in future, there having been 26⅝% deferred divs. With a contin. of recent large earn. it is hoped that remain. bal. will soon be entirely wiped out. The scrip div. of 10% is in the form of registered div. Scrip bears 3% int., payable an., and redeem. any time prior to June 30, 1920, at co.'s pleasure.

Denver & Rio Grande.—Denver will itself earn surp. of about $1,000,000 over and above 5% pfd. div. in yr. just drawing to close. This would not be suffi. to assure contin. of div., even removing respon. of carrying West. Pac. if latter fails to carry itself. The 5% bonds now under 91 ind. how uneasy holders of this sec. feel about the future, which is encumb. with guar. of $50,000,000 first mtg. bonds of West. Pac. The 5% pfd. stk. of D. & R. G. has dropped to 69, which also conveys notice that contin. of this div. may also be in danger. (See Western Pac.)

Des Moines & Ft. Dodge.—Des M. & Ft. Dodge has passed the div. on pfd., which has been 5% an., payable Aug. 1. Co. is controlled by Minn. & St. Louis, which recently passed the 2½% semi-an. div. on pfd.

Distillers Sec.—Co. will concl. this mo. another and third unsatis. yr. Based on results for first ten mos., it is prob. that final inc. acct. for full yr. will show profits for $32,478,840 cap. stk. of less than 3%. This comp. with earn. of 2.3% in 1909 and 1.1% in 1908. Many things have comb. to prod. poor results. Corn prices high for nine mos. out of last 12. At moment prices have receded 12% to 15%, which is a highly fav. factor, but for two yrs. co. has been paying from 10% to 20% more than normal for corn, with no corres. adv. in prices either of whiskey or alcohol. In fact, due to compet. from ind. sources during last yr. alcohol prices have been severely cut. As is not gen. appre., alcohol sales are the backbone of the mis-named "Whiskey Trust." Int. closely identified with co. state that no imme. inc. in pres. 2% div. can be expected.

Erie.—Erie is not poor. It is not a physical wreck. It is over-capital. and has been ever since Jim Fiske's printing presses worked overtime turning out stk. certif., but Erie's actual val. has good prosp. of catching up with its capitalization. Unless it is James McCrea of Penn. or L. F. Loree of D. & H., there is not a more prac. R. R. upbuilder in the country than Pres. F. D. Underwood, with aid of efficient staff, has done and is doing things that would astound people who have not kept in touch with affairs during last two yrs. In add. to Bergen cut, the Guymard cutoff with its famous 5,350 foot double-tracked tunnel; the 29 mile cutoff from Cuba to Hunt's; the Col. & Erie cutoff, and two great viaducts at Moodna Creek and Woodbury, all of which are making of Erie a road of easier grade and straighter track, bigger trainloads and smaller oper. ratio. These are large undertakings and things talked of in the papers—but there are few who know that entire system is being relaid with 90 lb. rail, or who hear about other things smaller but great in import. At end of May co. had spent on oper. and taxes $36,050,000, against $33,929,000 in corres. part of last yr. Oper. ratio to June 1 has been 71.8%; last yr. it was 77.7%. Allowing $4,100,000 for gross last mo., Erie should rep. total earn. for yr. $54,300,000, and net $15,600,000. It is prob. that chges. will not exceed other inc. by more than $11,000,000. This would leave surp. for yr. of $4,600,000, which makes it appear that Erie has turned the long corner. Last yr.'s surp. was $2,947,000.

General Electric.—Orders booked during June better than May. New business this mo. coming in at rate of $70,000,000 per an., which comp. with May rate of approx. $69,000,000. Imp. tho. small is decidedly encour. when recalled that April and May both showed successive decr. comp. with March results and with each other. Based on June orders gen. statemt. may be made that sales are only 10% to 12% off from high point of yr. For six mos. to June 30, first half of cur. fisc. yr, G. E. has booked total of over $35,000,000 of gross, or $70,500,000 for full 12 mos, a gain of nearly 17% ahead of best prev. yr. Some dep. have begun to pick up good sized orders for first time since panic. One such is street railway which has rec. booked order for 800 motors, one of largest ever rec. and suffi. to insure many weeks' max. oper. of motor dep.

Great Northern.—Earnings make as good a comp. as any of large western sys., if not better. G. N. will this yr. earn bet. 10 and 11% on its stk., which seems to attest stability of div. It should sell consid. more than Nor. Pac. which, among other troubles, has to meet compet. of St. Paul's exten.

Hocking Valley.—In fisc. yr. Co. will have earned about $1,950,000 over chges. and taxes, comp. with $1,515,989 so earned a yr. ago, and ded. 4% paid on $15,000,000 pfd. stk. now being ret., means little more than 12% on $11,000,000 com. stk., over $7,000,000 owned by Ches. & Ohio. The injunc. against ret. of pfd. having been dissolved, only suit to prevent issue of new com. stk. stands in way of auth. of $15,000,000 com. to reimb. treas. and prov. add. work. capital. Meeting of

stkholders. to auth. such issue was called, but on acct. of Hocking's legal entanglemts., postp. pending final adjudication. It is not intent. of H. V. to issue entire $15,000,000 at once. While road undoubt. has use for money, for present pur. there is no need for so great an amt.

Illinois Central.—Co.'s 10 mos. show. yr.'s surp. of 7.5% for the $109,296,000 stk., comp. with 7.48% last yr. Incr. of $4,309,370 gross for 10 mos. was offset by adv. of $4,174,-309 in exp., the inconsid. net gain being $135,-061. Fixed chges. and other inc. are expected approx. to duplicate last yr.'s figs. Its report to com. comm. shows that in 10 mos. Ill. Cen.'s outlay on maint. of way incr. $1,181,729, maint. of equipt, $1,215,508, while transp. exp. adv. $826,322. Last item is fully accted. for by gain in traf. In analyzing report for fisc. yr. 1909 an adv. of over $2,000,000 in outlay on equipmt. maint. was most striking. Cur. yr's. further incr. is justified only by fact, acknowl. in suits rec. instituted, that for some time rolling stk. has been receiv. second-class attention at first-class costs. How much was lost thro. over-chges. on repair work can never be even approx. determined, because repairs run back over four-yr. period. Cash settlemt. of remain. four alleged fraud suits against car repair cos. for sums aggre. $1,500,000 has been promised by concerns invol.

Intercontinental Rubber.—Co. after July 1 will be in pos. to readjust prices, for up to that date will contin. to ship under contracts booked on low price rubber. Adv. in crude rubber to above $3.00 a lb. would have mat. benefited Co. had it been able to change contract prices, but even with present reaction in raw material Co. will book new orders at much higher prices than now. Co. is now earn. bet. $400,000 and $500,000 a mo. Charter of Co. is very broad and permits mining, smelting and ref. metals of all kinds in all parts of world. While control has always been credited to Guggenheims and affil. ints., the extent of their holdings has never been gen. known. Edward Brush (in charge of silver dep. of Am. Smelt. & Ref. Co.) is largest holder of com. with 48,900 shs.; undoubt. Guggenheim stk. Thomas F. Ryan has 26,500 shs. of com., second largest holding. Senator Aldrich holds 25,000, H. P. Whitney 22,250, and Bernard M. Baruch 21,250. Levi P. Morton, former Vice-Pres. of U. S., 2,500.

Interborough.—Judge Lacombe approved settlemt. worked out by Receiv. Ladd of litigation between N. Y. City Ry, Met. Sec. Co., and former Directors of latter corp. Under agreemt. City Railway gets $5,500,000 cash, of which $1,500,000 is to come from defendants in individ. suit, and $4,000,000 from the Interb.-Met. Co. as a subs. on its shares in Sec. Co. Interb.-Met. Co. owns prac. all Met. Sec. Co. stk. With other sums recov. Col. Ladd has now collected nearly six and three-quarter millions. Col. Ladd went to the chambers of Judge Lacombe with certifi. of dep. for $5,500,-000. Money was turned over to them in cash within an hour after Judge Lacombe signed settlemt. order. It will remain in Col. Ladd's poss. until next Fall, when Fed. courts are to straighten out claims against the City Railway. Cent. Trust Co. of N. Y., on behalf of itself, Kuhn, Loeb, Farmers' Loan & Trust Co. and Guaranty Trust Co., has purc. $6,500,000 receivers' certifi. of Met. Street Railway Co. The certifi. run nine mos., mat. March 15, 1911, and bear 5% int. Interb. Rap. Transit Co. rep. for 11 mos. end. May 31, surp. over div. $2,814,333, incr. $1,467,894 over corres. period yr. ago. Judge Lacombe has granted further postponemt of forecl. sale of Met. Street Ry. until Sept. 27. Prop. was to have been sold July 1.

Int. Merc. Marine.—7th an. report covering oper. for cal. yr. 1909, shows surp. of $1,182,235 after meeting all fixed chges. and oper. exp., in which oper. exp. are incl. all chges for repairs, maint. and overhauls, as comp. with a deficit of $1,729,982 for 1908, an incr. of $2,912,317.

Int. Nickel.—With issuance of $2,670,000 new com. following the 25% cash "melon" rec. decl. for benefit of com. shholders, co. will have $11,492,661 com. stk. outst. Div. require. for fisc. yr. on basis of reg. 6% on pfd. and 4% on com., $994,439. Present earn. ind. that co. will not only pay 4% on com., but extra quar. div. of ½ of 1% which has been paid during cur. yr. to date.

Int. Smelting & Ref.—During 1909, first yr. co. has been oper., a very cred. showing was made. For period in ques. net inc. amted. to $1,235,712.62, from which divs. of $300,000 were paid. Cash in banks and on hand as of Dec. 31st, was $1,989,207. Co. is cap. at $50,-000,000, of which $10,000,000 is issued. Stk. is on 8% div. basis. Earn. for 1909 from Raritan plant and RR. alone were over 12% on issue of cap, stk., which in future should be greatly incr. by prof. from new smelter. Aside from issue of $10,000,000 stk., co. has no fixed liab., and excess of quick assets over quick liab. or work. capital, was $3,316,686 as of Dec. 31 last.

Int. Steam Pump.—Report of Co. rec. for fisc. yr. end. March 31, 1910, shows marked revival in co.'s business. Earn. for yr. on $17,762,500 com. stk. were 3.29%, as comp. with 1.08% earned last yr. Co.'s fin. position is also greatly strengthened, quick assets having exc. cur. liab. as of March 31, 1910, by $10,710,956, which shows incr. in work. capital over last yr. of $3,575,520.

Kansas City, Mex. & Orient.—Cable advices ann. sale in London of $5,000,000 first mtge. 50-yr. gold 4% bonds of Kan. City, Mex. & O. to syndi. of English bankers. Pres. Stilwell is quoted as saying that sale of these bonds will result in early compl. of exten. from San Angelo to Del Rio, Texas, linking southern end of Orient line with Mex. Nat. Railway, giving former direct thro. con. bet. Kansas City and Mexico City. Orient has already built 510 miles of road in U. S. and oper. trains into Kan. City by traffic agreemt. with Mis. Pac. In Mexico 368 miles have been compl., in all 878 miles in oper. at present time. Orient, by sale of bonds, has financed its req. for a yr. Bonds already listed on London Stk. Exch.

and listing bonds and stks. on N. Y. Stk. Exch. is receiving consid. The long mileage road will oper. in Mexico, gives Orient a decided advan. over Am. roads, as rates on this part of line have been fixed by agreemt. with Mexico for 99 yrs. and cannot be disturb. at will of com. com., as is now the case in U. S. Freedom from this restrict. has had effect of drawing fav. attention of English invest. and made their market a receptive one for fin. the Orient. The fact also that road's fixed chges will be less than $900 per mile per an. has given bonds a broad market abroad.

Laclede Gas.—Within two yrs. Co. may have to meet compet. of con. pre. to pump nat. gas into city's mains from Kansas, but Laclede has already come to terms with invaders and there will be no ruinous cutting of rates. In fact, they will oper. more econom. by reason of harmonious rela. We underst. that earn. for quar. end. June 30th will show propor. same incr. over last yr. as of pre. quar., and that net prof. are running at rate of 11% on $8,500,000 com. stk. Consid. that co. is earn. div. almost twice over (6% per annum) stk. around par appears attract. Since first of year Laclede has sold fifteen points higher than pres. price, and but four points lower.

Lehigh Valley.—A rare occasion when holder of shs. of an Am. ry. is able to subs. to stock at $50 per sh. which sells for over $100. The stkholders. have auth. doubling Lehigh's $40,000,0000 stk. and imme. issuance at par of $20,000,000, making $60,000,000 outst. With part of proceeds used to pay off $6,000,000 7% bonds at mat., road is earn. bet. 11 and 12%. Unless pres. rate of incr. in business is interrup. by something unforeseen, it will shortly be earn. as much on its incr. capital as recently on old. When Lehigh pub. compl. rep. for fisc. yr. about to close it will be found to have made subst. gain in divisible surp. over last yr., largely as matter of oper. econ. Gross earn. from rail transp. will approx. $36,350,000, or about $3,200,000 ahead of 1909 and $830,000 ahead of best prev. yr., which was 1906-7. Earn. will not be less than 16%. This comp. fav. with 14.6% last yr. In none of these fig. are net earn. of coal prop. incl.

Long Island.—Ten yrs. ago, Penn. bought maj. of stk. at $90 per sh. It has never rec. a dollar of return, but contin. to carry it; so it would appear that Penn. has some plans which will enable it to make good on investmt. This is strongly indic. by physical con. of the L. I. R. R. with Penn. system, via Steinway Tunnel under East River and Subway to new Penn. Term. The mag. of the L. I. R. R.'s const. work ind. that big accessions to traf. are looked for and this growth of business, together with electrifi. of road, which will red. oper. exp., ought to put L. I. on a profit. basis. Devel. of L. I. outside of Brooklyn and L. I. City has not been rapid, but must ult. fill up with growth of N. Y. City's pop. Therefore, it appears that while immediate fut. is one of const. and prep., it should not be very long before the prop. reaps benefits that have always followed the broad policies of the Penn. R. R.

Louisville & Nashville.—A deal by which the L. & N. is to obtain prac. ownership of St. Louis-Southw., known as Cotton Belt route, which has been pending for ninety days, is expected to be consum. within next thirty days. Edwin Gould is pres. of Cotton Belt. Control of Cot. will pass for cash little more than $1,500,000. By acqui. L. & N. will gain a short route to the west and southwest thro. Memphis and St. Louis. The oper. rev. of L. & N. fisc. yr., which end. with June, are in exc. of $52,000,000. Statemt. issued shows inc. over last yr. in gross $7,000,000.

Minneapolis & St. Louis.—"While gross earn. during past yr. have been largest in history of co., amting. to nearly $5,000,0000, net results have been disap. For five mos. end. Nov. 30, 1909, results of oper. showed all chges. earned and a surp. equiv. to 8% per an. on entire outst. capital stk., both pfd. and com. On Dec. 1 a strike was decl., and at same time a most unusual and severe winter set in—extend. over period of three mos., Dec. to Feb., incl., and earn. for these mos. were adverse. affected. Earn. were also unfav. affected by shutdown of all coal oper. in States of Ill. and Iowa, where greater part of coal tonnage handled on this line orig., thus red. earn. and incr. cost of co.'s fuel. Outlook for new fisc. yr. is encouraging. At present time all import. crops promise well, and it is hoped that suspension of divs. will be only temp." (See special article on Edwin Hawley's policy.)

Missouri, Kansas & Texas.—For the $63,300,300 com. stk. there will be earned about 3% for fisc. yr. end. June 30. With heavy bonded and stk. capital. there is hardly a prosp. of com. div. for several yrs. Speyer & Co. have pur. from Co. $10,000,000 one-yr. 5% secured gold notes. Pro. of above notes will be used to fin. cost of new term. in St. Louis, new equipmt. and imp. and acqui. of stk. of the Texas Cen. R. R., a val. feeder. Notes will be dated Aug. 1, and redeemable at option of co. at any time at par and int. on 30 days prev. notice. T. Mattos, of Amsterdam, introd. on Bourse the above ten million dollars one-yr. 5% notes of the M., K. & T. Offering was well rec. The Dutch public are again becoming interested in Americans, being attracted by low prices.

Missouri Pacific.—Gross earn. for first week in June incr. $101,000. The incr. this fisc. yr. has been $6,266,532, or nearly 15%. Stock Exch. has admitted to list $17,250,000 conv. 5% first mtg. bonds series A due 1959. One of best traf. statemts. made in some time was issued. Its incr. in gross in May was $716,423, and while oper. exp. expanded $161,874 there was left for net $554,549. The stk. was nat. fav. influenced. (See St. Louis & Iron Mt.)

N. Y. Air Brake.—After lapse of two and half yrs., the Co. res. divs. of 1½%. While period for which decl. is made is not officially stated, gen. underst. is that it is quar., thereby placing stk. on 6% basis. At time divs. were

discontin. in Fall of 1907 co. was paying 8%, and stk. that yr. sold as high as 141½. Its top price this year was 84⅝, touched in April. While prof. for 1909 amted. to only 2½%, they were prac. all earned in last four mos. of yr., and it is underst. that earn. this yr. have been in excess of this. Co. in Feb. had over $1,250,000 orders on its books, and still dong large business, insuring active oper. for several mos. ahead.

N. Y. Central.—Nego. closed for sale of about $22,000,000 equipmt. trust notes. These notes are part of $30,000,000 issue approved by Pub. Serv. Com. March 31. Trust agreemt. covers 214 loco., 105 pass. and 20,850 freight cars. Notes will be dated Jan. 1, 1910, mat. in instalmts. Even if gross earn, decr. it could maintain 6% div. for some time out of expand. inc. from investmt. For instance, Can. So. incr. div. This adds to earn. of the Mich. Cen., whose surp. above chges. goes to N. Y. Cen. One of Lake Sh. subsid. raised div. from 10 to 12%. Part of this gets back into N. Y. Cen treas. Others in this group could carry out similar policy, if neces. Within 18 mos. entire work of remod. the N. Y. Cen. term. in N. Y. will be finished. Now est. total cost will be nearer $180,000,000 than $130,000,000, as first stated. Station will be large enough to hold 30,000 at one time without crowding. Cap. will be 70,000 outbound pass. per hour, comp. with 60,000 per day, cap. of present term.; 200 trains per hour can be handled.

Norfolk & Western.—The U. S. Coal & Coke Co. holds under lease 50,000 acres of richest coal lands and is now taking coal suf. to furnish N. & W. with nearly $3,000,000 of freight. This is subst. 10% of total gross receipts from all sources. It is est. that approx. 40% of gross receipts from this tonnage fur. by Coal Co. is saved for net. Co. is now earn. very close to 2% on its $66,000,000 com. from net prof. derived from coal tonnage. Earnings for fisc. yr. end. June 30 next will eclipse any ever rep. by a lib. margin. Judging from returns at hand, it is prob. that surp. avail. for divs. will pay full 4% pfd. divs. and leave bal. equal to approx. 12¼% on $68,610,000 outst. com., as comp. with 8.37% earned in prev. yr. Gross earn. for cur. fisc. period will be $35,620,000, or $6,000,000 more than for prev. yr., while net should be $14,500,000, or about $2,900,000 in exc. of fig. of net in 1909. We est. that bal. avail. for divs. will be better than $9,300,000, or $2,600,000 above last yr.'s fig.

Northern Pacific.—Curtailment is not intend. to be perm., but rapid incr. in oper. exp. outstripping add. to gross earn., has cut into net to point where co. prob. felt no longer justified in pro. with its imp. plans. On pros. for yr. as forecasted from 10 mos. fig., N. P. will see surp. for divs. at end of month red. to bet. $21,000,000 and $22,000,000. This would mean from 8½% to 9% for $248,000,000 stk.. of which $93,000,000 received divs. for only latter half of last yr. Adjustmts. which are left to last mo. of the 12 may work some imp. in inc. acct., but it is evident that yr.'s net earn. after oper. exp. and taxes will carry a decr. of some $3,500,000 from 1909.

Pennsylvania.—Co. has decided to const. a $25,000,000 term. in Chgo., which will be occupied jointly by St. Paul, Burl. and Alton. Penn.'s May statemt. shows incr. in gross of 14%, a very satis. gain, as railroad earn. go just now. Until recently Penn. has been making an extraord. showing. Gross gaining 15% to 20%, while exp. have adv. very little in pro. Going back four mos from Jan. 1 to April 30, it is found that with gain of $7,400,000 in gross, maint. of way incr. $553,800, maint. of equipmt. $805,400 and cond. trans. $2,717,700. Thus a rel. large gain in net was poss. With April 1 came the turning point. In April gross incr. $1,200,000, while transp. exp. rose $800,000, over same mo. of 1909. Trans. is the acct. in which wages fig. most largely and it is on April 1 that Penn. put into effect gen. incr. or 6%. Because of better profits of earlier mos., inc. acct. thus far in cal. yr. is still a fat one. For five mos. to end of May net earn. were $2,836,000 ahead of corres. period of yr. before and surp. for stk. was equiv. to more than 8% on $412,000,000. In reality, it ind. a yrly. rate of approx. 12%, since in. ord. yrs. net earn. of first five mos. are only about 30% of those for whole yr.

Pere Marquette.—J. P. Morgan owns 110,000 shs. com. stk. out of 159,000 outst. This prop. has been impr. physically during past few yrs. All earn. have gone back into prop., and millions raised thro. reorg. and receiver's certif. expend. in main., imp. and new equipmt. During past yr. co. has incr. gross earn. $1,800,000 and will show earn. this fisc. yr., end. June 30th, after paying incr. taxes of $175,000, of about $550,000, or 5% on the pfd. stk. As this pfd. becomes cumul. after Jan. 12, 1911, it will be in line for divs.

Railway Steel Spring.—It is est. that the Co. will earn this yr. about 9%, which comp. with 5.3% in 1909, and an avge. of 5.76% for five yrs. 1905-9.

Reading.—Co. is end. fisc. yr. so well that it has earned for com. stk. about 2% more than prev. yr. Surp. over fixed chges. for 11 mos. end. May 31, 1910, is $9,463,415, against $8,261,938 for same period end. May 31, 1909, an incr. of $1,201,477. In May net earn. of all cos. incr. $651,445, and as it would take an incr. of but $200,000 in June to make yr.'s incr. $1,400,000, prosp. are good that earn. for 12 mos. will be better by at least to 2% on $70,000,000 com. stk. Reading's investmt. in $14,504,000 stk. of Jersey Cen. has been very profitable. Mr. Baer in 1901 pur. it at less than 160%. There were issued against this pur. $23,200,000 J. C. 4% coll. trust bonds. Inc. from J. C. stk. since 1901 has amted. to $11,748,240, while chges. on bonds have been $9,280,000. Incr. in val. of stk. has been enormous. It cost $23,206,000. At 300 val. is $43,512,000 or $20,305,000 more than it cost Reading.

St. Louis, Iron Mt. & So.—In ten mos. end. April 30 Co. earned surp. of $2,618,545

after int., tax and rental chges. Est. on ten mos. basis co. should close pres. fisc. yr. with avail. surp. for divs. amting. to over $3,000,000, or at rate of 7% on $44,391,298 capital. This line is backbone of Mis. Pac. system and all but $54,698 of its stk. is held in latter's treas. In yr. 1909 I. M. earned surp. of $1,802,158 of 4.06%. Of this amt. 4% or $1,773,644 was disb. in divs. of which M. P. rec. $1,773,463. For eight mos. end. Feb. 28 last, M. P. rep. a deficit of $267,000 and indic. point to but small imp., if any, for full twelve mos.

St. Louis & San Francisco.—Bankers ann. that they have concl. nego. on behalf of synd. of French banks covering issue of St. Louis & San Fran., N. O., Tex. & Mex. div., first mtg. 4½% 30-yr. gold bonds for 51,600,000 frs. ($10,000,000). Bonds will be in denom. of francs, equal to $100. Appli. has been made for admittance to official quo. on Paris Bourse. This is part of total auth. issue of $50,000,000, and has been made a special French series, payable in French currency only. The 1st pfd. has rec. full 4% div. without inter. for eleven yrs. Last yr. div. was earned six and one-half times, and this yr. earn. are much better. (See So. Pac.-St. L. & San Fran.)

Seaboard Air Line.—Directors decl., payable Aug. 1, 1910, full semi-an. int. of 2½% on adjustmt. bonds. Action based on report for six mos. end. April 30, which showed $1,569,015 applicable to int. on bonds, which amts. to approx. $625,000.

Sears, Roebuck Co.—Co. last yr. showed net profits of over 20% on com. stk. If sales contin. for rest of this yr. as large as running now, co. will easily earn 25% on junior issue and prob. more. That com. stkholders. will be given a share in these earn., in excess of the 7% div., before the yr. is out, may be pos. stated. It is most likely to be in shape of a stk. distrib., prob. 20%.

Southern Pacific.—Pub. offering of $25,000,000 San Fran. Term. first mtg. 4% 40-yr. bonds differs from rec. sales of Am. R. R. sec. Bonds constitute new issue and are sec. by first mtg. on Bay Shore Line, a term. R. R. over which every train of S. P. sys. entering city of San Fran. must pass except few still ferried across San Fran. Bay. S. P. has already expend. $22,000,000 on prop. incl. in this mtg., and Pres. Lovett est. that enhancemt. in real estate val. since acq. fully $30,000,000. Plans prov. for large devel., incl. const. of commodious pass. station. Under prov. of mtg. all prop. hereafter acq. will be placed behind pres. issue. Bonds to be in denom. not only of $1,000, but of $500 and $100. This is first time in yrs. that a leading Am. Ry. has offered a $100 bond for pop. subscrip. This $100 denom., of course, was prov. to catch the eye of small European and Am. investors. Inasmuch as bonds are tax exempt and legal investmt. in Cal., they are being offered by bankers in San Fran. and Los Angeles. At 93 subsc. price, bonds show inc. re. of about 4.35%. The Senate Comm. on Claims rep. fav. bill to pay S. P. $773,000 for money expend. on Salton Sea line due to overflow of that body. Orig. claim was $1,663,000. S. P., which earned 10.2% last yr., and an avge. of 9.8% for the four yrs. 1905-9, is earn. about 11% cur. yr. Its 6% div. rate is more likely to be incr. than decr.

So. Pacific-St. L. & San Fran.—The So. Pac.-'Frisco 10-yr. traf. alliance, elimin. nec. of consid. new mileage, is perhaps of premier import. among traf. devel. affecting Harriman sys. since advent of Judge Lovett and is signif. of disposi. of Am. R. R. to work out their destiny, so far as poss., over existing rails. It was an axiom of Harriman that what country needed was not more R. R., but a system to bring existing lines to a max. efficiency, thro. harmony of oper. Present alliance is in furtherance of policy. Alliance is of more import. than has yet appeared. Agreemt. prov. that each road shall work in its own ter. for int. of the other. Officers of two roads decl. that each will reap all advan. that would have accrued had each built its own line into other's ter., but that expend. of no less than $75,000,000 cap. has been saved. As result of agreement, 'Frisco's lines southw. into Texas now term. at Denison, are extend. to Dallas, Houston and El Paso, latter being western term. of Gal., Harrisburg & San An., one of Harriman lines with which agreemt. runs. 'Frisco gets connec. with rec. pur. St Louis, Brownsville & Mex., for which it formerly depended upon Trinity & Brazos Val., a half int. in which is owned by Rock Isl. and connec. with its line into New Orleans. S. P. gains connec. with U. P. at Kan. City lying much to west of Kan. City So., and far more import. route into St. Louis, one of large traf. centers of country, where term. would have been expen. to obtain. 'Frisco obtains interch. of traf. with 1,200 miles serving some of best agri. ter. in Texas. Est. that to reach same points of vantage 'Frisco would have to spend $35,000,000. U. P. has had several surveys made for connec. bet. Kan. City and the Sou. Pac. lines in Texas, which would have meant upward of 700 miles at approx. $40,000 per mile, while branch to St. Louis and term. would easily have run total cost above $40,000,000. Nothing in pres. arrangemt. affects rela. of the two roads outside of ter. ind. It is stated that existing alliance bet. Harriman lines and Kan. City So. is a matter apart from new agreemt. S. P. has suffered heavy losses of tonnage by failure to have outlet to North and West thro. Kan. City. It is now placed in pos. to comp. directly with Burl. and Rock Isl. for traf. of enor. scope of ter. reached by Harriman lines in cen. West and Northw.

Southern Railway.—Co. in May had gross incr. of $626,094, or 15½%. Net gain was $204,873, or about 17%. For 11 mos. gross earn. have incr. nearly 11%, and net about 13%. Inc. avail. for fixed chges. to May 31 was $15,452,188. Int. and rentals for entire yr. amt. to about $13,500,000, so road has already about $2,000,000 avail. for divs., with another mo's. results yet to be added. During

past 15 yrs. mileage has incr. from 4,139 miles to 7,170 miles, traversing eleven States, while avge. train load has incr. from 162 to 266 tons, and gross earn. have incr. from $17,114,792 to $56,000,000. Co. owns val. terminals on Atl. Coast, Gulf of Mexico and Ohio and Miss. rivers, and cont. several important affil. roads.

Texas & Pacific.—For eleven mos. end. on May 31, co. showed gross earn. $14,607,963, incr. over corres. mos. of last yr., $1,066,965 or 7.87%. This exc. by $70,000 that rep. for full yr. end. June 30, 1909. May earn. showed imp. of $115,647 or 10.9% over May of prev. year. If this rate of incr. is maint. for June, will for twelve mos. show gross $15,700,000, higher than any prev. yr., with single exception of 1907, when gross aggre. $16,672,000. Net after exp. and taxes for ten mos. end. April 30 last showed incr. of $420,704 or 13.4%. On this basis net for entire yr. should show $3,800,000, an incr. over twelve mos. of 1909 $448,000. Esti. fig. for pres. yr. comp. with actual of two prev. yrs.

Third Ave.—Present plan of reorg. prov. in first place for red. in fixed chges of $870,000; in second place, prov. for $7,000,000 new money. Incl. capital to be issued for that new money it prov. for actual red. in aggre. amt. of sec. of $10,000,000. Plan has been rec. with prac. unan. approval by two or three thousand who own sec. of old co. and is the first reorg. upon which Pub. Serv. Comm. has been called upon to act; its action is awaited with great int. in fin. circles. The second plan is undoubt. more drastic than the first, and for that result commission is entitled to credit.

Toledo, St. L. & Western.—It will surprise many to know that co.'s gross and net earn. per mile equal Gr. Nor., Rock Isl. and St. Paul, and exceed those of Col. & So., and Soo Line. Road is well managed and oper. econ.; at same time maint. is not neglected. With only 2% in divs. from Alton this yr., instead of 4% as in 1909, Clover Leaf will earn 7% on pfd. with $300,000 to spare. And this notwithstanding an almost compl. cessation of coal business (on acc. of strike) during April, May and June. Big things are expected during coming yr. In the decl. recently in "Clover Leaf" stks., following a decl. in "Alton, movemts. were logical. C. & A. last yr. had very little surp. over 4% div. on com. During past six mos. oper. exp. have greatly incr. Strike of coal miners in Ill. since April 1st has deprived road of one-third its tonnage, and Gov. injunc. suit prev. a much needed incr. in freight rates. Since Jan. nothing has been earned on com. stk., and price fell from 67 to 31. As Tol., St. L. & W. owns 144,200 shs. of this stk., and 64,800 shs. of pfd., the decr. in market val. since first of yr. was about $5,800,000, or $29 per sh. of T., St. L. & W. stk. The com. nat. took brunt of this, viz., 34 points, and pfd. 23 points. Net earn. of T., St. L. & W. itself have incr. this yr., and so offset, in part, the gen. downward move. As soon as C. & A. earn. recov. normal level of last yr. Clover Leaf should recov. losses. (See Edwin Hawley's policy, in special article.)

Union Pacific.—Pres. Lovett to-day issued following statemt.: "Agreemt. has been made by which our lines and the East and West lines of 'Frisco sys. in south Texas shall work preferen. for traf. bet. south and cen. Texas and St. Louis, Kan. City, Okla. and other points North. A traffic agreemt. wholly, neither party having running rights on lines of the other and no finan. commitmts. of any charac. being invol. The lines connect directly and their int. seem to be iden. in working together for business against several other sys. having thro. lines from St. Louis to the Gulf, which neither of these alone has." Judge Lovett added that agreemt. became effective today and would extend for 10 yrs. It seemed to be the irony of fate to have holders of Union and So. Pacific stks. read, the day of the greatest demoralization in these stks., mo. earn. which were among best of the fisc. yr. On June 29 U. P. fell 7 points, and S. P. dropped over 4 points. On that same day May report of earn. of U. P. showed gross of $7,535,248, an incr. of $1,017,463. Net incr. for mo. was $396,092. Net from July 1 to May 31 incr. $2,094,666. S. P. report was even better, gross for mo. incr. $1,486,533, while $583,914 was saved in net. Net for 11 months incr. $6,037,405. An. rep. for 1908-1909 showed 19.1% earned on com. stk., but this did not incl. undistrib. eq. U. P. owns one-half of S. P. stk., and its int. in undistrib. earn. for cur. yr. will be about $6,500,000, or 3% add. on U. P. com. stk. (See So. Pac.—St. & San Fran.)

United Dry Goods.—John Claflin, pres., ann. that directors have auth. issuance of add. amt. of com. stk. equal to 15% of total capital stk. of all classes outst., for purpose of acq. dry goods firm of Lord & Taylor. This stk. will be offered to all stkholders of co., each holder of either com. or pfd. being entitled to subs. to new com. stk. equal to 15% on present holding. J. P. Morgan will take at par any stk. that may not be subs. for under this offer.

U. S. Cast Iron Pipe.—Showing made in an. report for fisc. yr. end. May 31, altho. imp. over prev. yr. was not up to expect. The net prof., $613,292, altho. $428,561 larger than 1909, when lowest in history of co., are still $58,983 lower than same fig. for 1908. As net prof. amted. to only 4.37% on $12,500,000 pfd. stk., directors were able to decl. reg. divs. at rate of 7% only by transf. $200,000 from fund termed "reserve for add. work. capital," which now amts. to $2,050,000. This plan of paying div. was decl: legal last yr. by Court of Chancery of N. J. as result of friendly suit.

U. S. Realty & Imp.—Co. reports for May surp. after int. chges. $94,842, incr. of $24,930 over corres. mo. of last yr. Net prof. were $144,842, an incr. of $19,580. In. from investmts. aggre. $128,793, against $122,320, and prof. from building cont. $56,772, comp. with $55,910. Business shows slight falling off comp. with recent mos., but earn. contin. to

run consid. in excess of div. requiremts. Co. has $1,625,000 cash on hand.

U. S. Rubber.—There has been a big drop in price of crude rubber from the high price of $3.05 to about $2.25 per lb. U. S. Rubber adv. prices of manuf. goods to permit subst. prof. on high rubber prices, and we are informed that co. bought heavily of crude rubber from $1.25 to $1.75 per lb., and covered this season's requiremts. at price which at time looked high but since proved good business judgmt. We are semi-officially inf. that com. stk. divs. are not yet in sight, but it is ambition of control. factors to so strengthen finan. pos. that in time com. shs. will sell higher than pfd.

U. S. Steel.—Whether com. shholders. will rec. more than 5% this yr. depends on the steel ind. An incr. in div. hereafter will be confined to extra disb. Blast furnace prod. is on basis of about 78% of cap. at pres. The opin. is that earn. for cur. quar. will be below $40,000,000. A prom. steel manuf. says: "Prices for steel are holding remark. well consid. that orders within last several mos. have fallen off about 40%. There have been concessions in prices of certain classes of steel, but manuf. are work. in harmony in order to prev. a severe drop in quo. The Steel Corp. has auth. its subsid. Universal Portland Cement Co. to compl. at once const. of cement plant No. 6. In Jan., 1910, approp. was auth. for const. of the first half of plant, to have a cap. of 2,000,000 barrels, and decision has now been made to extend plant to full ult. cap., at a cost of $4,500,000. This incl. cost of power station at Gary, where electric power to oper. cement plant will be generated, utilizing waste gases from blast furnaces. When plant is in full oper. in May, 1911, it will be the largest single unit manuf. Portland cement in the world, and with cement plants Nos. 3 and 4 of Universal Co., which have been in oper. some yrs., will give total cap. at that point of 8,000,000 barrels per an. With compl. of this plant co. will have incl. present plant at Pitts., an an. output of 12,000,000 barrels of Universal Portland cement, all manuf. from blast furnace slag and limestone.

Utah Copper.—May statemt. will show output of about 8,500,000 lbs., and prof. of $400,000. This ind. that co. is prod. well within cost of eight cents; and, that it is earn. excess of pres. rate of divs. May earn. were at rate of $4,800,000, and, in add., co. is receiving an. inc. of about $1,400,000 from investmt. in Nev., a total of over $6,000,000, or over $4 a sh. on 1,540,000 shs. At recent meeting of Nev. Consol., it was stated that cost of prod. May copper was 5.95 cents per lb. This fig. is arrived at by cred. prof. from oper. of Nev. Northern RR. and Steptoe smelter, in making use of this fig. these credit items should be mentioned. Utah Nevada managemts. believe in pub., but depre. pub. of mo. costs as there are so many offsetting and adj. items that public is apt to be misled unless full and compl. explan. is made. Co. voted to auth. issue of $2,500,000 first mtg. bonds by the Bingham & Garfield RR., co's new subsid. Bonds will be conv. into Utah stock at $50 a sh. for period of three yrs., beginning July 1, 1911. They will be offered pro rata to stkholders of Utah Co. of record June 30, who will have right to subsc. up to Aug. 1. Entire issue underw. by Hayden, Stone & Co.

Virginia-Caro. Chemical.—On May 31 Co. closed most successful yr. in its history, both gross and net. Co. reports for the fisc. yr. end. May 31, 1910: Net earn. after ded. $1,277,253 for repairs and maint., $5,336,669; int. and disc., $980,048; bal., $4,356,621; pfd. divs., $1,440,000; surp., $2,916,621. Net earn. appl. to divs. on com. stk. for yr. end. May 31, 1910, were equal to 10.42%. Predictions regard. div. pros. were fulfilled when it was placed on a 5% basis.

Vulcan Detinning.—The extra ½% div. Co. decl. on acct. of accum. divs., hardly justifies extreme spec. in the pfd. stk. These back div. amted. to 19% up to Jan., 1910, and 19½% incl. first half of this yr., from which this extra ½% must be ded., so there still remains 19%. The extra disb. calls for only $7,500 and total div. decl. this quar., $26,250.

Wabash.—Co. ann. decl. of full semi-an. int. of 3% on deb. A bonds, and 2% on B deb. Paymt. of 2% on Bs was made in Jan., making total this yr. 4%. Last yr. 2% was paid on these bonds. Up to last Dec. all but $1,293,000 of $26,500,000 Bs had been turned in for exch., as had all the $3,500,000 A bonds.

Wabash-Pitts. Terminal.—Suit will be com. to collect moneys due Term. Ry. from both Wheeling and Wab. under cont. of 1904. N. Y. Trust Co. and Cen. Trust Co. hold, in the Wheeling suit, that supplem. traf. cont. of 1904 was never ratified by stkholders. and therefore not legal. Counsel for Wab.-Pitts. Term. bondholders assert that if true, every banking house which sold Term. bonds on strength of traf. agreemt. can be adjudged guilty of misrepre. Suit will also be brought against Wab. to substan. a stkholders' liab. in amt. of the $10,000,000 Term. stk. held by it, another for $6,000,000 which should have gone to Term. Ry. from sale of $6,606,000 of first mtg. bonds to Wab., the money for which, as far as can be learned, never went into Term. treas., and still another suit to gain poss. of $14,000,000 Pitts. Term. Ry. & Coal Co. stk., which master in chancery has decided was bought with pro. of Term. first mtg. bonds. Another suit will be brought against Pitts.-Toledo synd. for accting. of moneys recd. and disb. by it.

Western Electric.—A greatly strengthened fin. pos. is reflected in red. val. of plants to basis of 47% of cost, a red. of more than $3,000,000 since last accting. The cur. assets of $39,168,000 are $4,726,000 more than total cap. and cur. liab. which are set forth as $34,442,000. Co. issued its mtg. bonds and notes for purpose of elim. floating indebt. and create ample work. capital, both of which seem to have been accom. in first quar. of new yr.

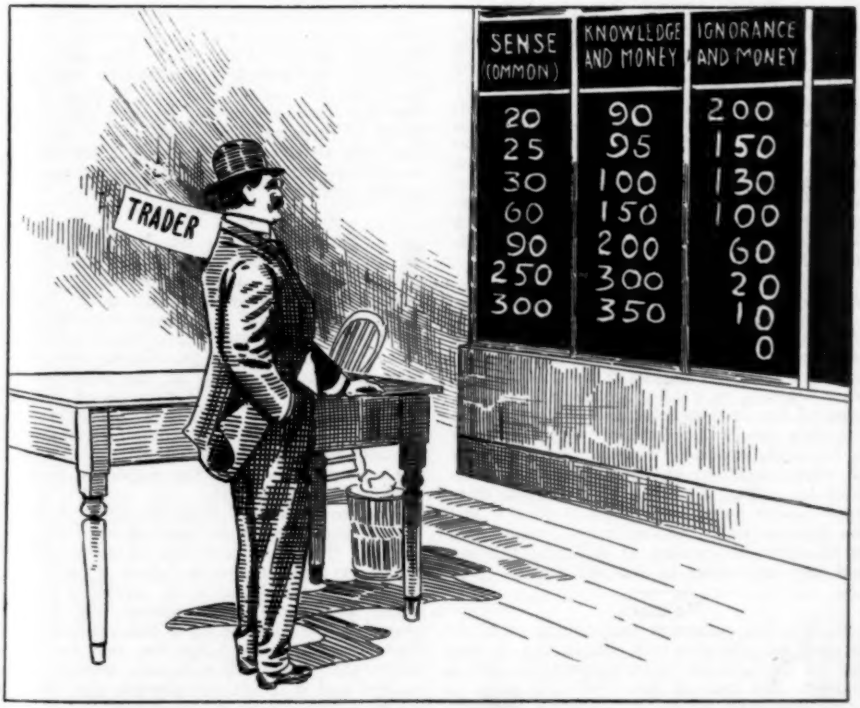
Western Maryland.—April report of earn. for four mos. show how well predictions

made a yr. ago have been carried out. For month, gross incr. $184,685 and net $136,935. Since Jan., or just after receiver was discharged, gross has incr. $541,144, or 30%, and net over 70%. In add. to 4% on pfd. this yr., there will be fair earn. appli. to com.

Western Pacific.—Co.'s traf. for past six weeks has been showing up more satis. than at any time since road was opened early in Dec. Miss. Pac. proper is turning over to D. & R. G. at Pueblo bet. 10 and 20 carloads of freight a day consigned to coast by way of West. Pac. Sept. 1 semi-an. int. on first mtg. bonds, req. $1,250,000, must be met. This has been met from funds set aside from sale of bonds and chged to const. acct., but it is improb. that this can any longer be done. In this event D. & R. G., which guar. W. P. bonds, will be called upon to supply cash. Denver should have no dif. in doing it, as treas. is strong in cash, and in add. co. promises to show subst. surp. after int. chges. and pfd. div. requiremts. For 10 mos. end. April 30 last, this amted to $1,661,263. For full yr. it should be $2,000,000. (See Denver & Rio Gr.)

Western Union.—Conserv. policy in maint. small divs. and building up surp. is attested by quar. report, which shows add. to surp. of $614,225, after div. and all chges. Surp. now stands at $19,198,722, which is nearly 20% on $99,817,000 stk. outst. There was very little liq. in the last market break.

Westinghouse Electric.—For fisc. yr. end. March 31 last co. earned bal. for the $36,636,000 com. of approx. $2,135,000, or 6.3%. This incr. was made poss. entirely by enlarged inc. from other sources. Total net prof. for int. and divs. were $4,700,000, an incr. of 140% over $1,966,259 earned in 1909 fisc. yr., when co. did not come within $234,000 of earn. fixed chges. Directors decl.. reg. quar. div. of 1¾% on pfd. stk. No action was taken on matter of paying back divs., which now amt. to 8¾%, director quoted as saying that ques. of making up these div. had been postp. for consid. at fall meeting.



It Pays To Pick The Right Stock

Technical Inquiries

Is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated? If so, write questions briefly and they will be answered in this column or otherwise. If personal reply is desired, enclose stamped envelope. Address Inquiry Department.

☞ WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS.

Brokers' Receipts.

H. B.—The form of receipt which a broker should give you in return for a deposit of stock as margin, should read as follows: "Received from John Doe, 100 shares of United States Steel Corporation common stock, Certificate No. 6287, as margin, we to have the privilege of hypothecating certificate should we so desire."

The form for the deposit of cash should read as follows: "Received from John Doe check (or cash) for $1,000 as margin."

Testing a Method of Operating.

M. C.—Would suggest that you take the chart of Steel common which appears on page 262 of the April TICKER, and try out your plan on it, bearing in mind that you cannot count on the execution of an order to buy until the price has sold ⅛ below your limit, and likewise that you cannot be sure of selling until the price goes ⅛ above your limit. You should also reckon commissions and taxes. We recommend that you perfect all the details of any such method as this very carefully, and test it out over a chart covering fluctuations for several years before you attempt to use it in the market.

Money Rates.

Is there any special time in the fall when funds are periodically tight or does the time vary according to circumstances?—A. M.

Money rates are higher in the fall than at other seasons, as a rule, because of the cash required for crop moving purposes. No definite date can be fixed when money is likely to be tight, as this depends upon a variety of other conditions in addition to the movement of crops. Moreover, farmers sell their crops earlier some years than in others, and the various crops, wheat, corn, cotton, etc., which come to market at different seasons, will vary in amount in different years.

Volumes.

E. H.—The statement that volumes tend to increase on advances in a bull market, is only one of the general characteristics of such a market. No rule of this kind will work in every case, and we do not know of any way to forecast five days of continuous decline. Any rule regarding volumes will be found to have many exceptions, and you must figure on cutting losses short and letting profits run, if operating by this method, so that when you are wrong it will be for only a small sum. All principles which might be applied to daily and hourly movements will be found in "Studies in Tape Reading." (See advertising pages.)

R. R. Trend Indicator.

As a partial guide for investments, I wish to keep a copy of quotations of N. Y. Stock Market. Will ask you to please name about 20 railroad stocks for such purpose. The plan is to copy the closing figures of each daily or weekly report for a number of years for reference.—B. W.

We would recommend that you use the list of 20 railroad stocks which is averaged daily for you by the *Wall Street Journal*. This saves you the trouble of making up the averages yourself, and by referring to page 11 of the May TICKER, you can see at a glance the trend of these averages back as far as 1901. You will also find on that page a list of the 20 railroad stocks which are used in making up the averages.

Earnings of T., St. L. & W.

In the May issue of THE TICKER you analyze Toledo, St. Louis & Western with a reasonably good showing at that time. In the "Bargain Indicator," June issue, same appears third on the list and the common stock at that time was selling at 38. To-day this common stock is selling at 22. In view of the good showing, what is the cause of such a slump in this stock? Many good brokers advised the purchase of this common stock at 35 and 38, and considering all the above, I am at a loss to know the reason of such a decline in price.—C. R.

The trouble with Toledo, St. Louis & Western is that the greater part of its income is derived from its ownership of the common stock of the Chicago & Alton R. R. The Alton does not appear to be earning the dividend which it is now paying. It is also stated that neither of these two railroads has been properly maintained for two or three years past. The Alton is very heavily capitalized and it is entirely possible that it may be forced to reduce its dividends.

Attention has been called to this matter in the "Bargain Indicator" each month by a footnote to the effect that Toledo, St. Louis & Western earnings include the dividends on its holdings of Chicago & Alton stock.

Selling Short.

The bulk of advice to novices in speculation is to buy after a panic, sell out as nearly as possible at the top and place the proceeds in a trust company in readiness for another panic. How much greater is the risk to sell short at the top and cover at the bottom, than to buy at the bottom and sell at the top?—E. G.

The risk in selling short on a boom with a view to covering in the next panic is considerably greater than that of endeavoring to buy at bottom for three reasons: (1) The majority of traders are much more likely to become nervous on the short side and close trades at a loss than on the long side. (2) When you are short of a stock for a period of months, or perhaps a year or longer, you are charged with the dividends declared on the stock during that time instead of getting the dividends as you do on the long side. Of course, your stock sells ex-dividend on the Exchange when the dividend is paid, but on the average and in the long run the price must recover the dividends, otherwise the soundest investment stock would eventually sell at zero as a result of continued subtraction of dividends. (3) There is always a possibility of a corner, although this possibility is remote and perhaps applies only to certain stocks which are in the control of a few large capitalists. Probably there would be no danger in United States Steel or Atchison, for example, but the short side of Reading might be dangerous.

Making a Figure Chart.

In telling how to construct a figure chart Rollo Tape is just a little confusing to me. In the first day's record—May Ticker, p. 12—Reading moves between 165⅞ and 172½, but when he makes the chart he has it ranging from 166 to 170. The second day it moves between 168⅝ and 172⅛, and he sets it down as 168 and 169. Will you kindly explain why all the full figures are not included?

In a former issue he says the high, low and closing prices given in the daily papers are not sufficient to enable one to construct a figure chart. I would like to know why it is necessary to have the complete record of transactions to enable one to keep a figure chart. These may be elementary questions, but I am just beginning to study such matters and I want to be as near right as possible.—W. B.

The figure chart on page 12 of vol. VI. has nothing to do with the day's movements. The chart represents three days' fluctuations, but where vertical lines of figures appear, it does not mean one day's work. The first day's work is represented by the first three lines of figures in which the stock on the full figures runs from 166 up to 170, down to 168 and up to 172.

It is necessary to use the complete transactions. For instance, the ordinary stock list, quoting only opening, high, low and close, on the first day mentioned, would have given opening 165⅞, high 172¼ and low 165⅞. You could not possibly construct a figure chart from this meager information.—Rollo Tape.

Automatic Cancellation of Stop Order.

Who is correct, the broker or myself, in the following instance? I trade with a two point stop loss order. On Saturday, June 14th, I gave the office manager, with whom I trade, an order to buy Reading at the market, and in due time was advised by him the price paid was 150½. I asked him to put in a two point stop and as I was then leaving the office and would pass the order clerk on my way out he asked me to leave it with him (the order clerk) and I did so. On Monday I asked the office manager to sell my Reading at the market and the price obtained was 151½. The next morning I received this advice by mail, also advice that they had also sold Reading at 148½. I called at their office and told them a mistake had been made and they claim they are correct and I should have requested cancellation of the stop loss order when I gave the order to sell at 151½, and because I did not order the "stop" to be cancelled I am at fault and must stand the loss. I have always believed that an order to close a commitment included cancellation of "stop" and this is the first instance that it was not automatically cancelled by this broker.—D. D.

Our opinion would be that whether you or your broker is at fault would depend on the nature of the instructions you gave him. When a stop loss order is placed on an open trade with the understanding that it is for the express purpose of protecting that trade, it is customary for the broker, when the trade is closed, to cancel the stop loss order without further instructions. However, the broker could not be held legally accountable for not doing this unless he had received express instructions from the customer to do so. The stop order might be intended for the purpose of opening a new trade. Many operators desire to purchase only after the price has advanced above previous high, or to sell when it declines below the previous low price. For this reason they put in orders to be executed on stop, which are good until cancelled by the customer. It is therefore impossible for the broker to know whether the stop order is intended as a stop loss order on an open trade, or for the purpose of making a new trade, unless he has been definitely instructed on this point. It is much better, to say the least, for the customer to cancel his stop loss order when his trade is closed, or for him, when putting in his order to close the trade, to include in that order a cancellation of his previous stop loss order as soon as the closing order is executed.

Trading in Low-Priced Stocks.

The first paragraph of your article "Selling Short" in the June Ticker, describes the kind of a trader I have been. I am a novice, going it blind, and began to read your valuable magazine too late to profit by its sugges-

tions as to taking profits at the right time and either going short or waiting for low prices to get in again. Have always been committed to the bull side, lacked the courage to try the short side; and as I disliked to take losses am, as you can imagine, "landed" at the top with the poorest class of stocks. Of course, as I review my transactions, I can see what I ought to have done, but my desire now is to get out of my difficulty with the least possible loss or even to hold what money I have in sight and put myself in a position to trade profitably in the future.

I am holding at present:

50 Erie at	34½
50 Erie at	35
100 Mer. Marine at	7⅞
100 Mer. Marine pfd. at	27⅜
200 Pitts. Coal at	28
100 Inter Met. at	21½
100 Inter Met. at	21¼
100 Inter Met. at	18⅞

If I sold out everything I would have about $4,000 cash. Is that the best thing to do and start fresh, or would you sell part? If so, what? Or would you hang on to get out whole or better?—H. V.

If we were to criticise your present holdings at all, it would be along the line of the class of stocks in which you trade. It seems to us much better to operate in smaller quantities of high priced dividend-paying stocks, than to take on round lots of low priced stocks, which, values considered, are undoubtedly high.

We should say that your first move should be to get yourself "long of cash" at a favorable opportunity, and then operate on the big swings and in smaller quantities of dividend-paying stocks. You now have 800 shares of stock with a margin of $4,000—a few points further decline and your $4,000 will be wiped out. You are over-trading—too heavily extended. A $4,000 capital will, if you follow out the "Specialist in Panics" idea, make a good deal of money for you in the next five or ten years. Why not turn over a new leaf? Stop active trading in cheap stocks and on small margins and wait for the panics; then you can get back what you have lost and a great deal besides.

Points in Tape Reading.

(1) In trading at the ticker, where should the stop be placed in order to secure the most profit in a *vertical movement?* To illustrate, say we have a bear market. Union closed at 170 last night and opened at 169¼ this morning. Sales at 169¼, 169⅛, 169, 168⅞, 168⅝, 168¼, 168⅝, 168¾, 168⅝, 168¾ (resistance), then 168½ (sold short here), 168⅜, 168¼, 168, 167⅞, 167½, 167⅜, 167¼, 167⅛, 167, 166⅞, 166⅝, 166¾ (no resistance between 168⅝ and 166⅝—a vertical movement down), then a rally, 166¾, 167, 167⅛, 167¼, 167½, etc. The rest of the market acts like Union. Would you stop out the trade or would you close it out after a 1½ to 2 point break?

(2) In trading for a 10 point swing in Steel where should the stop be placed when the market had reached an equilibrium after a rally following a slump? For instance, in the latest slump Steel dropped from 84¾ to 74½, then rallied in a few days to 79 (ex-dividend, equivalent to 80¼). Then Steel and the rest of the market became extremely dull, showing slight daily fluctuations between 76¼ and 78½ (equilibrium). If you sold Steel short on the rally at 79, where would you have placed your stop?

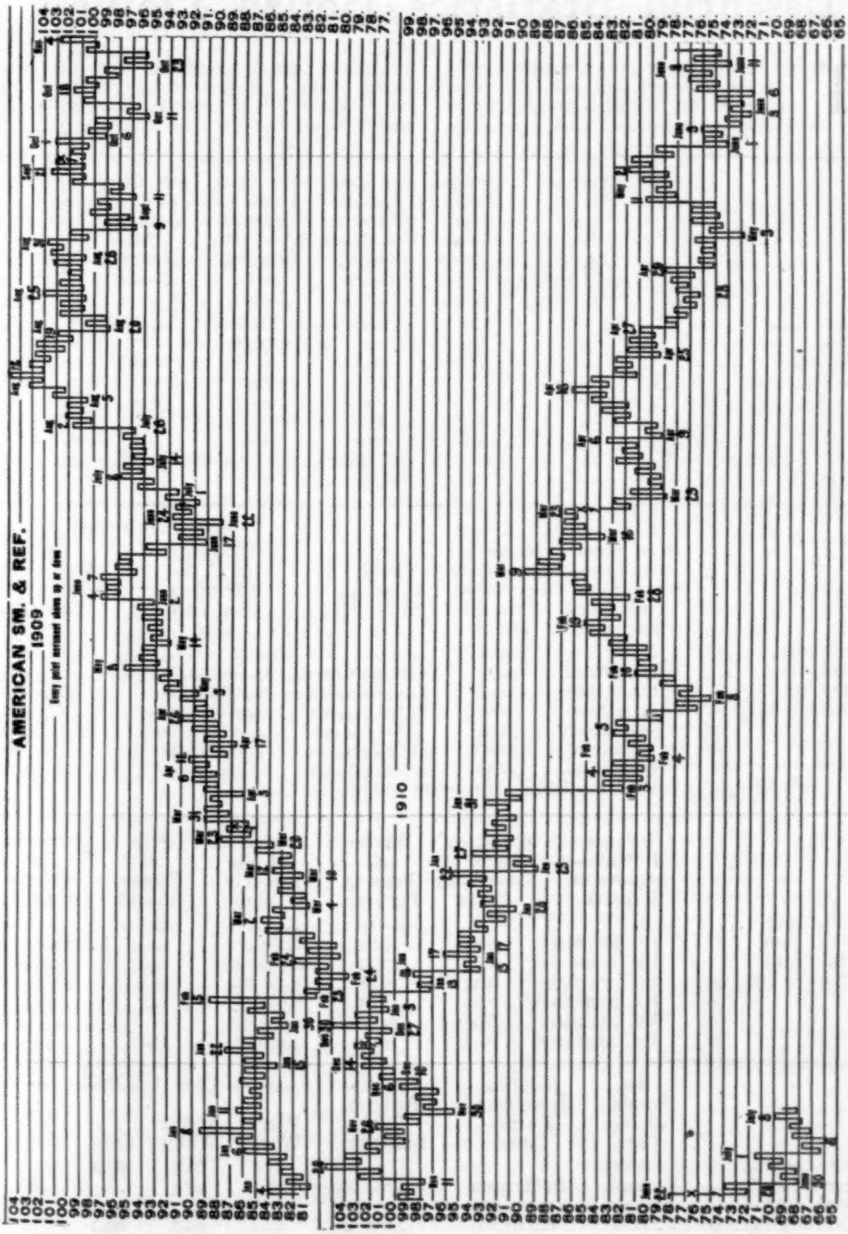
(3) How do you distinguish between accumulation and distribution? How would volumes of transactions show in accumulation?

(4) How can you distinguish between amounts bought and amounts sold? Of course, for every buyer there is a seller. But how can you tell whether the buying is more urgent or more important than the selling?—Grateful Subscriber.

(1) After such a sharp break as the one you illustrate, we would recommend placing a stop on your short sale to prevent loss, as soon as the market began to show a rallying tendency. When there is a large short interest in the market, these quick rallies sometimes take place, without any noticeable resistance at the bottom. The tape reader should have some idea of general conditions and the technical position of the market, so that he can use judgment in the arrangement of his stops.

(2) In the case you mention, Steel common, after selling at 79, ex-dividend, declined to 76¼, advanced to 78½, declined to 76⅝, and advanced to 78½ a second time, where it met some resistance. We think your stop should have been placed at 78¾. The market became very dull, so that there was a strong probability that it would make a run of a couple of points at least as soon as it broke through 78½.

(3) and (4) Please see "Studies in Tape Reading," by Rollo Tape, chapter II, Volumes and Their Significance. This chapter is also contained in The Ticker, vol. III, page 200.


AMERICAN SM. & REF.
1909
1910

Essential Statistics Boiled Down

THE figures below give a complete view of the financial and industrial situation in the smallest possible space. Under each head we give figures for the *latest* month available, for the preceding month (in some cases the preceding *two* months), and for the *corresponding* month of each of the four preceding years.

	Average Money Rate Prime Commercial Paper, New York.	Average Money Rate Prime Commercial Paper, Foreign.	Per Cent. Cash to Deposits, New York Clearing-house Banks.	Per Cent. Loans to Deposits, New York Clearing-house Banks.	Per Cent. Cash to Deposits, All National Banks.	Per Cent. Loans to Deposits, All National Banks.
July, 1910	5¼	3⅜	27.3	100.5	....	.....
June, 1910	4⅞	3⅜	27.1	100.5	....	.....
May, 1910	4¼	3⅝	26.7	101.2	15.9*	104.5
Corres'g mo., '09......	3⅝	3	27.3	94.2	18.2	103.4
" " '08......	3¾	3	29.0	93.9	20.0	105.5
" " '07......	6	4⅛	25.6	103.0	15.4	107.1
" " '06......	5½	3⅝	26.4	100.7	15.6	105.0

* Comptroller's call for Mar. 29, 1910. Call for June 30 not available in full before going to press.

	New Securities Listed on New York Stock Exchange.	Money in Circulation Per Capita First of Month.	Bank Clearings of U. S.,	Bank Clearings of U. S., Excluding New York City.	Balance of Gold Movements —Imports or Exports.
July, 1910	....	$34.52	....	....	....
June, 1910	$152,556,000	34.59	$13,810,070,000	$5,445,749,000	*
May, 1910	174,297,000	34.45	13,143,912,000	5,335,942,000	Im. $2,426,000
Corres'g mo., '09	141,417,000	35.01	14,150,453,000	5,038,750,000	Ex. 8,908,000
" " '08	304,266,000	34.81	9,821,534,000	4,167,674,000	Ex. 23,457,000
" " '07	59,202,000	33.86	11,159,391,000	4,790,217,000	Ex. 1,823,000
" " '06	350,817,000	32.42	12,249,457,000	4,433,236,000	Im. 29,189,000

* Official figures not yet available. Movement unimportant.

	Balance of Trade—Imports or Exports.	Bradstreet's Index of Commodity Prices.	Wholesale Price of Pig Iron.	Production of Pig Iron (in Tons).	Price of Copper, (Cents).	Production of Copper, (Pounds).
July, 1910	....	....	$16.50	....	12.3	....
June, 1910	Ex. $8,186,000	8.81	16.80	2,265,478	12.4	127,219,000
May, 1910	Ex. 11,216,000	9.03	17.49	2,390,162	12.5	123,242,000
Corres'g mo., '09.	Im. 7,158,000	8.39	16.88	1,929,884	12.8	116,567,000
" " '08.	Ex. 23,262,000	7.72	16.65	1,092,131	12.7	....
" " '07.	Ex. 25,229,000	8.99	23.62	2,234,575	21.1	....
" " '06.	Ex. 24,254,000	8.32	19.25	1,976,733	18.1	....

	Net Surplus of Idle Cars.	Building Operations, Twenty Cities.	Business Failures, Total Liabilities.	Crop Conditions. Winter Wheat.	Spring Wheat.	Corn.	Cotton.
July, 1910	142,865	....	....	81.5	61.6	85.4	....
June, 1910	122,915	$50,117,000	$11,817,000	80.0	92.8	....	80.7
May, 1910	110,661	51,776,000	9,590,000	82.1	....	....	82.0
Corres'g mo., '09	262,117	62,067,000	12,607,000	82.4	92.7	89.3	74.6
" " '08	262,944	36,064,000	14,708,000	80.6	89.4	82.8	81.2
" " '07	....	55,473,000	16,445,000	78.3	87.2	80.2	72.0
" " '06	....	54,342,000	7,850,000	85.6	91.4	87.5	83.3

The Market Outlook

By G. C. SELDEN

ONE is continually surprised at the superficial character of current newspaper comment on the financial situation. For some months past we have been reading everywhere of "trade depression," "reaction in general business," etc.

Now it is certainly probable that a moderate trade reaction will follow the prolonged decline in the stock market, though even that is not certain; but what are the facts in regard to present conditions?

The Business Situation. — Bank clearings are, of course, the best index we have to the activity of the country's trade. The following figures summarize the situation:

Bank Clearings (000 Omitted).

Total for U. S.	1909.	1910.
June	$14,150,000	$13,810,000
July, 1st week	2,625,000	2,860,000
July, 2d week	3,004,000	3,088,000
U. S. outside N. Y.:		
June	5,038,000	5,445,000
July, 1st week	1,039,000	1,172,000
July, 2d week	1,188,000	1,288,000

It is seen at a glance that about all the "trade reaction" so far has been on the New York Stock Exchange, and in industries like steel, which depend, to a very large extent, on the continual free investment of capital in new construction. The New York City clearings are considerably greater than all the rest of the country combined, because of the large amount of securities which change hands here daily, practically all of which show up in the totals of the banks. Manifestly the New York figures are not a fair indication as to the condition of general trade; and we find that clearings for the entire United States except New York City are running well above the very good business of last year. The net surplus of idle cars shows an increase of 20,000 for the fortnight ending July 6. This may possibly indicate the beginning of a "trade reaction"—nevertheless the car surplus is still only about half that of 1909.

The people of this country seem to be going serenely on their way, regardless of the exhaustion of capital, the possibilities of tight money in the fall, the parlous condition of the railroads, and the laments of great financiers over popular extravagance. General trade conditions are prosperous, Stock Exchange gossip to the contrary notwithstanding.

Crop Prospects. — The crop situation is summarized in the following interesting way by Wrenn Brothers, in a recent market letter:

THE CROP SITUATION.

	Indicated yields 1910.	Actual Crops, 1909.
Corn	2,831,161,000	2,772,376,000
Wheat	581,435,900	737,189,000
Cotton	12,352,700	10,386,209
Oats	920,352,600	1,007,353,000
Barley	147,703,000	170,284,000
QUANTITATIVE VALUES OF THE ABOVE.		
Corn	$1,066,037,677	$1,043,854,620
Wheat	394,568,335	500,238,287
Cotton	562,047,850	472,572,509
Oats	247,264,738	270,675,846
Barley	66,323,647	76,462,516
Total	$2,336,242,247	$2,363,804,078
Per Capita	$25.55	$26.29
Population	91,424,400	89,899,800

In spite of the damage to spring wheat, there is no indication of any such crop shortage as would administer a check to general business. Even in the spring wheat states the farmers are almost universally prosperous, as a result of past good crops and high prices.

Bullish Considerations.—Various bankers, financiers and captains of industry have given out highly optimistic interviews recently, based on the above conditions, the slight improvement in our trade balance with foreign countries, the beginning of gold imports, the low rates for call money, and especially on the low range of prices for dividend paying securities. The latter point is always an important consideration. People invest in stocks and bonds to get interest on their money, and when securities are selling at a price which yields a high return on the investment, there is a gradual absorption which greatly reduces the floating supply in the market, unless investors are deterred by other considerations from taking advantage of the opportunity presented.

Many good stocks are now on a 6 per cent. basis. Steel common—earning, on the basis of the last quarterly report, over 10 per cent. even after deducting the $5,000,000 set aside during that quarter for additional properties, construction, etc.—returns over 7 per cent. to the purchaser at 70, and various industrial preferred stocks return even more. Some fairly good railway stocks, like Chesapeake & Ohio, Denver & Rio Grande preferred, and St. Louis & Southwestern preferred, return about 7 per cent. on current prices. Yet the market has rallied feebly, in view of the extent of the decline and the long continued liquidation.

New Market Problems.—The fact seems to be that the market is struggling with unprecedented conditions so that many of the old landmarks have been lost sight of. The average investor is not a person of striking orig-

inality. He is confused by new conditions and retires timidly into his shell.

He has been accustomed to the idea that the people who own a business enterprise have the right to manage it. He finds that this is all wrong—Congress says that the public interest is supreme. The railroads cannot set their own price on their services—they must humbly submit their requests to the Interstate Commerce Commission—and then what? Nobody knows. Fair treatment, doubtless—but what will fair treatment do to railway earnings?

It is, to a great extent, this element of uncertainty which prevents investors from taking hold in force. We have happened upon new political times. The new way may be better, but that remains to be proved to the mind of the investor.

The railroads must raise rates if they are to maintain earnings; but how, when, or to what extent they will be permitted to raise rates is as yet an unsolved problem. The majority of investors believe that political considerations will be likely to have an important effect, at least until after the fall elections. Moreover, the long and short haul clause hangs over the Pacific roads like a pall. A substantial part of their earnings has been due to very heavy charges on local traffic and on through traffic to non-competitive points. These charges will have to be scaled down and large owners of the Pacific stocks are fearful of the result. And in the meantime operating expenses are increasing faster than revenues on many of the principal roads. Gross earnings of 43 railroads for May increased $19,948,558 over May, 1909, and operating expenses increased $19,125,146.

A Shortage of Capital.—It is especially unfortunate that increased government control over railroad rates and prolonged uncertainty as to the coming Supreme Court decisions in the Tobacco and Standard Oil cases, both of which are necessarily discouraging to the investment of capital in new enterprises, should intervene just at the time when the demand for capital to absorb flotations of new securities is unprecedented. New issues for the first half of the year 1910 are reported by the *Journal of Commerce* as follows:

	1910.	1909.
RAILROADS.		
Bonds	$435,756,440	$443,800,000
Notes	158,540,000	22,604,580
Stocks	74,970,910	49,081,000
Total	$669,267,350	$515,485,580
INDUSTRIAL CORPORATIONS.		
Bonds	$172,943,000	$233,889,000
Notes	25,100,000	23,575,000
Stocks	181,121,600	87,594,000
Total	$379,164,600	$345,058,900
Grand total	$1,048,431,950	$860,544,480

In England the rush of new securities has been even greater in proportion. New capital applications for the first half of the year amounted to £188,000,000, compared with £182,000,000 for the *entire year* 1909, and £192,000,000 for the entire year 1908.

When this enormous demand for new capital is considered in connection with public and private extravagance and the timidity of investors which results from increased government regulation, it is not surprising that higher interest rates are necessary to attract bidders for current issues of bonds and stocks, and that established issues suffer in sympathy.

Money Rates.—Complete returns from the Comptroller's call showing the condition of the banks June 30th are not yet available, but from the figures so far made public it seems doubtful if the banks of the country, taken as a whole, have made any important improvement in their position since the last report. The loans resulting from last spring's heavy buying of real estate doubtless account in part for this condition; but the bank clearings, as analyzed above, give the real key to the situation. It is the activity of miscellaneous business that is the principal cause of the general extension of credit.

Whether the crops—likely to be of normal size, taken together—can be moved this fall without endangering bank reserves and thus producing tight money, is an open question which adds to the uncertainty of investors. The growing stiffness of the time money rate reflects the apprehension of bankers as to the autumn bank position, and there is talk of making preparations to utilize the emergency currency, if needed. However, the thing that every one expects often fails to come to pass, and a general preparation for tight money may result in unexpected ease.

Summary.—The average for 20 rails, having advanced from 81.4 November 21, 1907, to 134.4 August 14, 1909, declined to 110.6 on July 5, 1910—not quite half the advance. It is seen, therefore, that while we have experienced a prolonged decline, and while many stocks are selling on a relatively high income basis, we are still far removed from panic prices. The rally from the low prices of July 5 has been irregular and not accompanied, so far, by any marked activity. However, some of the active rails have recovered half of the sharp break which began June 22 and ended July 5.

While the continued decline leads one to scan the horizon for hopeful signs, the result of the examination is one of some uncertainty. Among the close students of the market with whom we are acquainted, few believe that the bear market has finally touched bottom. An exception should apparently be made of Thomas Gibson, who for some time past has taken a strong bullish position. When the liquidation has finally run its course there will be splendid opportunities for profits on the long side, for it seems to us perfectly clear that there is nothing incurable or dangerous in the situation. For the present the cautious investor will no doubt continue to possess his soul in patience and await a clearer view.

July 21, 1910.